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**SECURITY CRISES, FOREIGN DIRECT INVESTMENT FLOWS,
AND FOREIGN EXCHANGE MARKETS IN AFRICA: A POLICY PAPER**

¹David Umoru, ²Livinus Nwaugh, & ³Beauty Igbinovia

^{1&3}Department of Economics, Edo State University, Nigeria

²Department of Political Science and International Relations, Caleb University, Nigeria

¹*Corresponding author: david.umoru@edouniversity.edu.ng*

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ABSTRACT

This policy paper examines the relationship between insecurity, foreign direct investment (FDI) inflows, and foreign exchange market performance in selected African countries that have suffered major security crises. The Dunning's Eclectic Paradigm provides the basis for analysis. Using a mixed-methods approach, the study explores insecurity, FDI trends, and forex market outcomes in ten countries: Nigeria, Ethiopia, Kenya, South Sudan, Mali, Burkina Faso, D.R. Congo, Somalia, Mozambique, and Cameroon. Findings show that insecurity significantly undermines both FDI and forex market performance. These nations, in varying degrees, have suffered capital flight, increased forex volatility, and economic fragmentation due to insecurity. A clear adverse relationship exists between FDI inflows and insecurity: relatively stable nations like Ethiopia (pre-war) and Kenya attract more investment than highly unstable ones such as South Sudan and Somalia. Armed conflicts discourage investment, ruin infrastructure, and disrupt economic activities, hindering human and capital growth. The study contributes uniquely by offering a comparative analysis of security crises, FDI inflows, and forex markets across diverse African economies, with actionable policy recommendations. It emphasizes that no development can flourish amid violent conflict. Even stable economies face perception risks from regional instability. Addressing insecurity is therefore both a national and continental priority for sustaining FDI and healthy forex markets. All-inclusive approaches, military, institutional, diplomatic, and developmental are needed to restore investor confidence and stability. Without deliberate policy action, African countries risk continued economic underperformance, currency crises, and reliance on emergency financial interventions.

Keywords: Dunning's Eclectic Paradigm, degrees of insecurity, currency depreciation, capital flight.

INTRODUCTION

The proliferation of security crises across Africa presents one of the most significant impediments to sustainable economic development in the 21st century. Economic development depends heavily on foreign direct investment (FDI) through which capital is injected, technology is transferred, and employment opportunities are created. Nevertheless, a stable and secure environment is a prerequisite for attracting sustainable FDI. In Africa, the rising wave of insecurity including armed conflict, terrorism, political instability, and civil unrest poses a significant threat to investor confidence and has led to decreased capital inflows and volatility in foreign exchange (forex) markets. The link between insecurity and economic instability is particularly relevant to Africa, where several countries are grappling with insecurity that has disrupted trade, discouraged investors, and destabilized financial markets. Although earlier studies have looked at the connection between economic performance and insecurity, most of them have focused on single-country or broad regional analysis. Less research has been done on a methodical, comparative approach that takes into account how insecurity affects foreign exchange market performance and FDI inflows in several African nations. This disparity restricts our comprehension of how insecurity influences currency dynamics and investor behavior in ways that differ depending on the country.

This study seeks to bridge this critical gap by providing a detailed and comparative analysis of how security crises directly influence these two critical economic indicators. This paper, therefore, is an in-depth analysis of the relationship between security crises, FDI flows, and foreign exchange market performance in ten selected African countries that have suffered from significant security challenges, including Nigeria, Ethiopia, Kenya, South Sudan, Mali, Burkina Faso, D.R. Congo, Somalia, Mozambique, and Cameroon. The analysis is grounded in the Dunning's Eclectic Paradigm, which provides a robust theoretical framework for understanding the complexities of why multinational enterprises choose to invest in certain locations over others, particularly in high-risk environments.

According to the African Development Bank (2023), instability in nations including Nigeria, Ethiopia, Mali, and the Democratic Republic of the Congo was largely to blame for the continent's 12% drop in foreign direct investment inflows in 2022. Investors are forced to postpone or abandon planned investments due to the rise in risk premiums and operating expenses caused by insecurity. Additionally, instability causes currency depreciation, capital flight, and speculative activity in foreign exchange markets.

Through a detailed situational analysis and a comprehensive empirical review, this paper demonstrates that insecurity fundamentally undermines both FDI and foreign exchange market performance. Countries with varying degrees of instability suffer from capital flight, increased forex volatility, and economic fragmentation. For example, relatively stable nations such as Ethiopia (pre-war) and Kenya have historically attracted more FDI than highly unstable countries like South Sudan and Somalia. These patterns highlight the urgency of addressing insecurity as a prerequisite for economic transformation. This paper examines the effects of insecurity on FDI flows and the forex markets of 10 selected African countries: Nigeria, Ethiopia, Kenya, South Sudan, Mali, Burkina Faso, Democratic Republic of Congo, Somalia, Mozambique, and Cameroon. The next section is a brief review of previous findings and the underlying theory.

EARLIER THEORY AND EMPIRICAL EVIDENCES

The theoretical framework of analysis in this paper is the Dunning's Eclectic Paradigm (OLI Model). According to Dunning's Eclectic Paradigm, location advantages are crucial for FDI. The decision to invest is largely driven by the trade-off between risk and return. The higher the perceived risk political insecurity, economic insecurity, or security the higher the expected return must be to justify the investment. Insecure environments erode location advantages by increasing the likelihood of asset loss, supply chain disruption, and arbitrary government intervention (Munyoro et al., 2023).

Okonkwo and Adebayo (2024) examine insecurity and foreign direct investment in Nigeria. The study explored how the Boko Haram insurgency has negatively impacted FDI inflows into Nigeria. Using time series data from 2000 to 2023 and employing ARDL techniques, the analysis revealed that escalating terrorist attacks led to heightened investor uncertainty, particularly in the northern regions. Foreign investors increasingly withdrew capital from the energy and agricultural sectors due to physical risk and supply chain disruptions. The study concluded that regions with heightened insecurity experienced a consistent annual decline in FDI averaging 9%, significantly lowering Nigeria's overall economic potential.

Tesfaye and Mekonnen (2025) evaluate war and the birr: An empirical assessment of conflict-induced currency pressures in Ethiopia. The study examined the economic consequences of the Tigray conflict on Ethiopia's foreign exchange dynamics. The civil unrest disrupted agricultural exports, especially coffee, and discouraged external investors, leading to reduced foreign capital inflows. Consequently, the Ethiopian birr faced sustained depreciation. The research, using quarterly macroeconomic data from 2010 to 2023 and a VECM model, showed that insecurity increased exchange rate volatility and depleted forex reserves. Findings highlighted that central bank interventions were insufficient due to insecurity-induced capital withdrawal and increased demand for emergency imports.

Mwangi, Otieno and Karani (2025) studied electoral insecurity and foreign exchange market responses in Kenya. Data from 2007 to 2022 were analyzed using GARCH models to estimate volatility. The study found that political violence following disputed elections caused significant capital reversals, reduced tourism earnings, and led to spikes in the forex market. Investors reacted to instability by withdrawing capital, and the Kenyan shilling depreciated during those periods. The findings suggest that electoral security and peaceful transitions are vital for attracting and retaining foreign investment in Kenya.

Wani (2025) studied conflict economies and parallel forex markets, the case of South Sudan. An empirical study on South Sudan using monthly exchange rate and conflict data from 2011 to 2023 to evaluate the impact of ongoing civil war on foreign exchange market performance. The results indicated that during major conflict periods, the official exchange rate lost value rapidly, while the parallel market rate widened significantly. This gap fueled inflation and eroded public trust in monetary institutions. The study concluded that civil conflict was the primary driver of forex market fragmentation and economic instability in the country.

Diakité and Traoré (2024) examine FDI reallocation in West Africa amid insecurity: Mali in focus. A study on Mali used event-based econometric modeling to examine the effects of terrorist attacks on FDI inflows between 2010 and 2023. The findings showed that foreign investors withdrew capital from key sectors like energy and infrastructure following major attacks in northern Mali. The study observed that FDI inflows dropped by up to 38% in the immediate aftermath of severe security incidents. Additionally,

foreign investors relocated projects to safer neighboring countries, contributing to regional investment disparity and national economic decline.

Ouedraogo and Zongo (2024) evaluate the effect of terrorism and investor flight: Empirical insights from Burkina Faso Using regression analysis on data from 2005 to 2022, this study examined the effect of insurgency on Burkina Faso's FDI. The results showed a strong negative relationship, particularly in mining and tourism sectors. Insecurity escalated after 2015, causing investor fear and operational shutdowns. The study highlighted that annual FDI dropped by an average of 11% post-attack years. Military coups and expanding terrorist control zones further discouraged long-term capital commitments, making Burkina Faso one of the least attractive destinations for foreign investment in the region.

An empirical investigation into the DRC revealed that insecurity in the eastern regions has driven away FDI from key sectors, especially mining. Kabemba and Mbuyi (2024) studied foreign capital and insecurity: A DRC experience. Using panel regression on data from 2000 to 2023, the study showed that frequent clashes between rebel groups and government forces led to a diversion of investment to neighboring Zambia and Rwanda. Mining firms cited safety and transportation risks. The study concluded that long-term insecurity reduces the feasibility of capital-intensive projects and causes uneven regional development. Yusuf and Ahmed (2023) investigated the effects of maritime insecurity on Somalia's forex market using quarterly data from 2008 to 2023. Results revealed that piracy disrupted trade routes and reduced foreign trade earnings, which negatively impacted foreign reserves. It also led to speculative activity and reliance on informal forex channels. The Somali shilling depreciated sharply during piracy peak years and the Central Bank struggled to stabilize the currency due to weak institutional control and limited foreign investor interest.

Ndem and Tanyi (2024) studied regional conflict and macroeconomic fragility in Cameroon A study on Cameroon analyzed the impact of the Anglophone crisis on the country's exchange rate and foreign investment. Using VAR modeling for the period 2008 to 2023, the study found that insecurity in the Northwest and Southwest regions discouraged FDI and tourism, reducing forex inflows. The CFA franc experienced mild but sustained depreciation due to lower export earnings and increased import bills for military equipment. The study suggested that without resolving regional tensions, Cameroon risks long-term forex instability.

METHODOLOGY

This policy study uses a mixed-methods approach, integrating a thorough empirical examination with a qualitative situational analysis. The primary descriptive and analytical design of the study aims to investigate the connection between foreign exchange market performance, FDI, and insecurity.

The research is desk-based and solely relies on a large body of current empirical findings and secondary data. Finding and examining trustworthy papers and publications from global institutions such as the World Bank, the African Development Bank (AfDB), and the United Nations was the main goal of the data collection process. We made use of pre-existing data sets that these institutions had already assembled and examined on FDI inflows, changes in the foreign currency rate, and important security indicators. This method fits the format of a policy report and guarantees the use of trustworthy, internationally accepted data.

The data analysis proceeded in two distinct stages. First, a situational analysis was conducted to provide a qualitative overview of the security crises and their general economic consequences in each country. This involved a thematic review of case studies and anecdotal evidence from policy briefs and academic articles to establish the context of the crises. Second, a comprehensive empirical review was performed to synthesize the existing statistical relationships between the variables. We did not conduct new statistical analyses, but rather, we analyzed and compared the findings from existing empirical datasets and research to determine the correlation and causal links between different security metrics and economic outcomes. This comparative analysis highlights the consistent adverse relationship across the selected countries, reinforcing the paper's central argument.

RESULTS AND DISCUSSIONS

In Africa, insecurity has taken countless different forms and is always evolving. One prevalent type is military warfare, which is usually brought on by political marginalization, resource competition, and ethnic grievances. In nations like Ethiopia, Sudan, Mali, and South Sudan, protracted conflicts have featured government forces, rebel organizations, and foreign actors. For example, the 2020 Tigray crisis in Ethiopia resulted in millions of displaced people and destabilized the Horn of Africa, with tens of thousands of deaths and multiple violations of human rights (Gebremariam, 2022). Another form of insecurity that has gotten worse in the twenty-first century because of various contemporary factors is ethno-religious strife. British colonialists established structural inequalities in political access, governance, and education, as well as the official separation between Nigeria's predominantly Muslim north and Christian south (Akinyemi & Okonkwo 2021). These colonial legacies laid the foundation for ethno-religious conflicts after independence. In addition to uniting diverse groups with disparate religious beliefs and historical rivalries into a single nation, the fictitious borders created by colonial powers also prevented harmonious coexistence. Therefore, many African states remain diversified yet politically divided, and ethnic and religious identities are often employed as a basis for political mobilization and contestation (Mahama & Abebe 2022). From Table 1, a strong inverse relationship is observable between FDI inflows and insecurity levels. Countries with high insecurity, like South Sudan and Somalia, receive lower FDI, while relatively stable countries like Ethiopia (pre-war) and Kenya attract more inflows. This suggests that insecurity is a major determinant of investor decisions in Africa.

Table 1

FDI Inflows and Global Peace Index (GPI) in Selected African Countries (2022)

Country	FDI Inflow (USD Billion)	GPI Rank (out of 163)	Major Security Threats
Nigeria	1.13	143	Boko Haram, Banditry, Oil theft
Ethiopia	3.68	147	Tigray conflict, Ethnic violence
Kenya	0.50	124	Terrorism, Political violence
South Sudan	0.12	160	Civil War, Ethnic clashes
Mali	0.09	152	Jihadist insurgency
Burkina Faso	0.08	151	Military coups, Terrorism
D.R. Congo	1.72	155	Rebel activity, Instability in the east
Somalia	0.03	161	Rebel activity, Instability in the east
Mozambique	0.21	123	Al-Shabaab insurgency
Cameroon	0.28	142	Cabo Delgado insurgency

Source. UNCTAD (2023), Institute for Economics and Peace (2023).

The World Bank estimates that countries afflicted by conflict lose 2% of their annual GDP on average (World Bank, 2023). Instability has major humanitarian consequences, including food shortages, relocation, sexual abuse, and barriers to healthcare and education. Insecurity is a hazard to democratic governance since it increases the likelihood of authoritarian responses. Governments commonly use threats of instability as a pretext to militarize public life, suppress civil liberties, or postpone elections. The Cameroonian government has used the war in Anglophone regions to suppress rebellion and freedom of the media (World Bank, 2023). Also, the expansion of instability has resulted in regional spillovers that have undermined collective security efforts. For example, neighboring countries have been drawn to the Great Lakes region by the situation in the eastern Democratic Republic of the Congo (DRC), and tensions between Rwanda and the DRC have escalated because of alleged mutual support for rebel groups (Kabemba, 2024).

Several multinational companies in Nigeria moved to other regions of Africa during that time on orders from their parent nations to leave the unstable area. Global Terrorism Index (2020) designates Nigeria as number third in its global terrorist index while Mali the number eleven (Mukasa & Nkurunziza, 2021) and this designation portray soft and hard attacks on police/military, religious institutions, governmental paraphernalia and private property. In Nigeria the number of attacks from 2007 to 2016 was 3058 while in Mali within the same period it was 271 attacks in the number of deaths in Mali in 2019 was 157 from Ogossoguo and Welingara villages and property destroyed while number of death for Nigeria was 2243(45) and property destroyed valued at US\$598.8 million (Institute for Economics & Peace, 2020). However in Mali there have been tremendous increases by the French government to suppress the Jihadist fundamentalist as well as the Nigerian Government in collaboration with external intelligence responses units such as multinational joint taskforce to end the insurgency nonetheless the challenge continued to persist. Comparatively in recent history Mali is better described a backsliding democracy than Nigeria since the military comeback in governance structure in Mali in 2023 and the move by ECOWAS member states to oust Mali and Burkina Faso from the organization, even AU constitutive Act is against the unconstitutional government in Africa.

Table 2

Internally Displaced Persons in Nigeria and Mali Arising from Religious Extremism from 2009-2023

Country	Year	Number of Internally Displaced Person
Nigeria	2022	3.6 million
Mali	2022	440,000
Nigeria	2023	3,397,531
Mali	2023	391,961

Source. UNDP 2025, Security Council Report, 2024.

The number of persons displaced as a result of Islamic fundamentalist activities, ethno-nationalism and governance related in both countries show different intensity and dynamic. While Nigeria recorded about 3.6 million internally displaced persons from 2009-2022, Mali number of internally displaced persons within the time frame was 440,000. Also from the same period to 2023 Nigeria number decline to 3,397,531 as well as Mali declined to 391,961.

Table 3

Number of Casualties in Nigeria and Mali within 2009 to 2023

Country	Year	Number of Casualties
Mali	2022	1132 killed and 2556 injured
Nigeria	2022	611 teachers killed in Nigeria from 2009 to 2019
Mali	2023	500 killed by Malian troop
Nigeria	2023	11,794

Source. UNICEF 2025, Security Council Report, 2024.

Consequently, within 2019 to 2017 Nigerian state had lost over 1.33 trillion naira of foreign direct investment owing to the religious extremist activities (Chilaka & Idika, 2017). While over 2.5 million persons internally displaced with over 13 million children out of school (Joseph, 2019) also as a result of Boko Haram extremism in the North Eastern part of Nigeria 910 schools were destroyed with over 1500 schools closed down. Again within 2009 to 2019, over 611 teachers were killed with about 2000 female school children kidnapped or abducted in the North Eastern part of Nigeria (UNICEF, 2025). So, under this no nation would want to do business in Nigeria, despite the fact that FDI is a critical component to sustainable development because no nation is self-sufficient.

Table 4

Loss of Foreign Direct Investment in Both Nigeria and Mali within 2017 -2023

Country	Year	Amount of foreign direct investment lost as a result Ethno-religious schism in both Nigeria and Mali
Nigeria	2017-2019	1.33 trillion naira
Mali	2022- 2023	#1.24 million

Source. International Crisis Group 2022.

Empirical evidence from 2020 to 2025 shows a number of African countries exhibit a discernible propensity towards democratic failure. According to the V-Dem Institute's Democracy Reports (2021-2024), Sub-Saharan Africa's civil liberties, freedom of speech, judicial independence, and electoral integrity have all steadily declined. Countries like Tunisia, which had been viewed as an example of democratic progress after the Arab Spring, reverted to authoritarian techniques under President Kais Saied's 2021 power grab, suspending the constitution and dismissing parliament under emergency procedures (Freedom House, 2023). A transitional administration headed by army officers was established in Mali from 2020 and 2021 after the military removed civilian leadership in two coups (International Crisis Group, 2022).

In Nigeria, Africa's most populous democracy, judicial autonomy has been steadily eroded and journalistic freedom has been further restricted under the pretext of national security (Amnesty International, 2023). There are several important factors that have been found to contribute to Africa's democratic retreat. First, electoral tampering has emerged as a significant factor. Using state resources, police forces, and judicial systems, incumbents have manipulated election results, intimidated voters, and suppressed opposition in countries such as Zimbabwe and Uganda (The Loop, 2021). Second, it has long been customary to amend the constitution to remove or extend the president's term limits. Through constitutional amendments or court interpretation manipulation, leaders in Côte d'Ivoire

(Alassane Ouattara), Guinea (Alpha Condé), and Rwanda (Paul Kagame) have secured dubious third terms. President Saied's consolidation of power in Tunisia has been aided by a disenchanted populace weary of corruption and economic stagnation, illustrating how democratic disenchantment can pave the way for authoritarian solutions (International Institute for Democracy and Electoral Idea, 2022). Following demonstrations over President Keïta's purported incapacity to halt terrorist violence, the military seized Mali with the support of the people. Models of Nigeria's deteriorating democracy posing as legislative reform include the enactment of restrictive media laws, the suppression of the 2020 #EndSARS demonstrations, and presidential interference in elections.

Table 5

Democratic Backsliding between Nigeria and Mali from 2009-2023

Nigeria	Mali
<p>From 2009-2023, Nigeria had conducted three consecutive elections where it seeks to consolidate its democracy with no incidence of military interregnum since 1999. Although there are cases where the unity of the Nigerian state was in question especially when the Niger delta militancy round 2000 took arm against the Nigerian state, the Boko Haram fundamentalist took over 14 local governments Areas from the three states of Borno, Yobe and Adamawa from the North eastern part of Nigeria around 2014 and 2015 and MOSOP in the Eastern states of Nigeria for separatist agenda</p>	<p>Also between the period Mali had experienced three military coups, 2012, 2020 and 2022 which led to the suspension of Mali from ECOWAS in 2024 as well as Burkina Faso and Niger. From all indications it shows that Mali is more of a backsliding democracy as world poorest country with a GDP of \$18.8 Billion (International Trade Administration, 2024) than Nigeria. In Nigeria there is the presence of elected government at all levels through an election rather than through the barrel of gun as seen in Mali. But however from indications the Malians citizens seems to be happy with the Military junta, as they are addressing poverty unemployment and seemingly dearth of infrastructure in Mali Even in Burkina Faso, where the military junta holds sway the people are happy as the government is addressing to need of governance. What is governance if not ultimately for the peoples interest.</p>

Source. UNICEF, 2015; NBS 2015; UNDP, 2018, Security Council Report, 2022.

Tables 2, 3, 4 and 5 show differences in variations, dynamics and intensity between Nigeria and Mali, nonetheless both countries occupied the number 3 and 11 positions in the global terrorist index which show how the intensity and dynamics of extremisms affect people's lives and property in both countries, as well as shape the degree of responses and reactions that depict authoritarian system. Right from 1960 when and Mail achieved attained independence religious schisms and ethno-cultural wrangling have continued to be the fault line of conflict but, however radicalized to Islamic extremism and ethno-nationalism as its people were continually alienation and dehumanization characterized governance structure which heightens poverty and unemployment and constitute the drivers of extremism (Institute for Security Studies, 2020).

Instead of promoting inclusive nationalism, several African regimes employed identity politics as a means of bolstering their hold on power. The political marginalization of southern Christian and animist tribes by northern Arab-Muslim elites has sparked decades-long civil wars in countries like Sudan

(Awad, 2020). Ethiopia's reorganization of the state on ethno-linguistic federalism has led to new fault lines and empowerment, as well as ethnic-based violence between communities such as the Amhara, Tigray, and Oromo (Getachew & Yohannes, 2023). One significant contributing factor is the politicization of religion and ethnicity. Communities in Nigeria, for instance, frequently view government appointments, resource allocation, and security measures through an ethnic-religious lens, which breeds mistrust and hostility. The antagonism between the predominantly Christian south and the Muslim north is still very much alive, as seen by the tensions surrounding elections and regional autonomy. The historical expropriation of land and economic marginalization of coastal Muslim communities in Kenya has contributed to radicalization and recruitment into extremist groups like Al-Shabaab (Mwangi & Yusuf, 2021).

Bala & Tar (2019) and Omilusi (2022) have argued that poverty, illiteracy and unemployment are among the causes of ethno-religion schism in Nigeria, and therefore make people docile, and susceptible to violent ethno-religion schism, as it is most said that an 'idle hands is a devils workshop' but in some cases those involved in religious extremism are gainfully employed persons or respected and opulent persons in the society, for example the Umar Farouk Abdulmutallab who planned blowing off Airways flight 253 to Detroit Metropolitan Airport in the United States in 2009, with 279 passengers and 11 crew members (U.S. Department of Justice, 2009). Christian militias' attacks in the Middle Belt and Boko Haram's attacks on Christian villages in northeastern Nigeria, for example, have strengthened sectarian narratives and engendered inter-communal hostility (Uba & Ibrahim, 2024). In addition, Okoro & Sulaiman (2023) argued that the collapse of native authority structure and substitution with LGAs in Nigeria since 1976 gave impetus to the rise of ethno-religion schism. He further argued that before the demise of NA the traditional institutions were saddled with the responsibility of overseeing the daily administration of their various communities which encompasses security. Each community has its security outfits that provide security which made early detection of religious extremism possible.

Again the prevalent of hard drugs such as Marijuana, Tramadol and other stimulants amongst the youth have been associated as the propellant of ethno-religion schism in Nigeria and Mali elsewhere. The poor indoctrination of religious creed propels some of its adherents to extremism especially when they are assured many goodies if they are killed propagating their religion. In Africa, Nigeria is arguably the most frequently cited example of ethno-religious conflict. Decades of sectarian violence, including the Biafra War (1967-1970), recurrent Jos riots, and continuous farmer-herder disputes, have resulted from the division between the Christian Igbo and Yoruba south, the Muslim Hausa-Fulani north, and minority communities in the Middle Belt. While Fulani herders, who are predominantly Muslim, claim to be the victims of discriminatory laws and land grabs, Christian communities in Plateau, Benue, and Kaduna states have accused them of attacks motivated by ethnicity and religion in recent years (Okoro & Sulaiman, 2023).

Ethiopia's 1990s ethno-federal system, which was supposed to grant autonomy to the country's major ethnic groups, has instead resulted in a fierce battle for federal power and territorial claims. Crimes committed based on group identification are part of the current Tigray conflict, which is not only political but also has religious and ethnic implications. Tensions between Muslim organizations, Protestant denominations, and the Ethiopian Orthodox Church further complicate the religious landscape (Haile & Reda, 2023). In the south and west of Sudan (Darfur), the Arab-Muslim-dominated administration frequently disregarded Christian and non-Arab groups, leading to mass displacement, genocide claims, and South Sudan's eventual secession in 2011. Even after separation, there are still religious and ethnic conflicts, especially between the Nuba and Blue Nile populations (Deng L, Hassan, 2021). Violent extremism and terrorism pose a serious threat to security. Militant groups such as Boko

Haram, Al-Shabaab, and the Islamic State in the Greater Sahara (ISGS) have mostly expanded their presence in the Sahel, the Lake Chad Basin, and East Africa.

Over 35,000 people have died and approximately 2.7 million have been displaced in Nigeria as a result of Boko Haram's insurgency since 2009 (UNHCR 2023). Despite foreign military engagement, Islamist violence has escalated in the Sahel, particularly in Burkina Faso, Niger, and Mali, where state authority remains weak and legitimacy is contested (Crawford & Touré, 2021). As is the case in the Central African Republic, Somalia, and northern Mali, non-state actors flourish in ungoverned regions of many African states that struggle to uphold the rule of law, deliver public services, and exercise sovereignty over their entire territory (AP News, 2023). Therefore, examples of governance failures that fuel unrest and rebellion include political repression, election fraud, and corruption. Opposition groups may resort to violence when political institutions are neither inclusive nor responsible. The lack of civilian administrations to address corruption and instability was a contributing factor in the 2021 coup in Guinea and the military takeovers in Burkina Faso and Niger (Akinola, 2022). In addition, when people are hapless and despondent there is the likelihood that whatever extremist group that could provide succor would be attracted by the unemployed and the poor. But to counter mind the argument above that poverty and unemployment precipitate religious extremism, persons like Osama Bin Ladan and Umar Farouk Abdulmutallab of Nigeria were neither poor nor unemployed yet they masterminded religious extremism.

Also, the Boko Haram began as a social reformist group having noticed and observed the gargantuan corruption within the Northern region and the region's backwardness in socio-economic amenities and the exclusion of Northern elements in the corridor of the federal government administration, and openly confronted the maladies that has eaten deep the fabric of the society which Islamic tenets abhorred. It later degenerated to fierce contestations when the government deployed forceful repression against the group by killing over 1000 of its members and its leader Mohammed Yusuf by the Nigerian police (Omilusi, 2022). Again, religious extremism is negative when it is used to drive away investment; foreign and local investors, destroying schools and health facilities and other national symbols. However, it is estimated that Boko Haram religious extremists in their bid to enthrone Islamic state or (theocratic state) in the Northern region in particular and Nigerian state in general where Western values and education. This act and other incendiary activities designated Nigeria 3rd worst terrorist country in the world after Syria and Afghanistan (Ogbonnaya, 2019). This depiction led to the issuance of notice from various foreign embassies to their nationals to avoid or leave those religious extremist states or violent prone states in Nigeria.

The ethno-religious schism of any dimension, especially fundamental extremism, impacts the society in which it occurs in various proportions. As it escalates socioeconomic and political development indicators that defines the state or nation may be adversely affected especially: per-capita income of household, employment opportunities, security, recreational facilities such as hotels, indoor and outdoor activities and restriction of political and religious activities within the state or nation it thrives with its socioeconomic implications such as job loss, psychosocial trauma and political disconnect. Thus, before the radicalization of the Islamic fundamentalist/ extremist in the Northern region of Nigeria in 2009 the unemployment rate of was 3.78% in 2008, and by 2014 at the peak of the crisis it rose to 3.94%. By 2015 unemployment rate hit 4.22% and 4.51% in 2016. By 2017, 2018, and 2019, the unemployment rate in Nigeria galloped to 4.73%, 4.96% and 5.21% respectively (Macrotrends, 2025). Table 6 shows some specific impacts of religious extremism and democratic backsliding in Nigeria and Mali from 2015 to 2024.

Table 6

Specific Impact of Ethno-religion Schism on the Socio Economic Development on Africa 2015-2024

Year	Food Insecurity	No. of Casualty	IDP	Refugees	Local Govt under Siege	Health Facilities	Educational facilities/ Out of School Children	Foreign Direct Investment (FDI)	Unemployment	Poverty
2015	3.5million persons faced food insecurity mostly aged, children and women while Mali over 5 million are in need of humanitarian assistance	3006	1.1 million of internally displaced persons	170,000 refugees in Cameroon, Chad, Niger, and Benin Republic	26 inaccessible local government areas under the insurgents	37% of health facility were close down	1,500 schools close down, 600 teachers killed, and 910 schools destroyed by the insurgents	3.06 billion US dollar, while in 2014 it was 4.69 billion US dollar	38.38%	76.3%
2016		1098	2.1million of internally displaced persons mostly women, children and aged in Adamawa, Borno and Yobe	81000	14 inaccessible local government areas under insurgent Border closure in Borno, Adamawa and Yobe against the neighboring states of Chad, Niger, Cameroon and Benin Republic	40% health facilities had opened with limited access to medical personnel	2295 teachers were killed, over 200 girls were kidnapped or abducted	3.45 billion US dollar	43.34%	79.6%
2017	5.3million persons faced food insecurity in Borno, Adamawa and Yobe	373	2.2million of internally displaced persons mostly women, children, and aged in Adamawa, Borno, and Yobe	110,000	1 local government area in Borno that was inaccessible especially Sambisa Forest		11million children were out of school from the three states of Adamawa, Borno, and Yobe while in Mali over 2 million children were out of school	2.41 billion US dollar, which lead to reduction in business activities as no investor would invest in an unsafe environment	43.34%	86.6%
2018		35,000 death in Adamawa, Borno and Yobe	2.5million of internally displaced persons	120,000 refugees in Niger, Chad, Cameroon and Benin Republic	1 local government in Borno State	44% health facilities had opened with increase access to medical personnel		0.78 billion US dollar. During this period Nigeria lost 1.33 trillion Naira from foreign direct investment		85.10%
2019	81% people living in Yobe, 64% and 60% in Adamawa mostly children, aged, and women the mostly affected		3.3million of internally displaced persons	213,000	Political unrest occasioned by military coup		In 2019 over 22.9 million Malians face highest poverty rate in world	4.10 billion US dollar	43.34%	89.5%

(continued)

Year	Food Insecurity	No. of Casualty	IDP	Refugees	Local Govt under Siege	Health Facilities	Educational facilities/ Out of School Children	Foreign Direct Investment (FDI)	Unemployment	Poverty
2022-2024			1132 persons were killed in Mali, while 831961 were internally displaced	500,000	Political unrest occasioned by military coup, and the expulsion of Mali from ECOWAS		In 2019 over 22.9 million Malians face highest poverty rate in world	6.11 billion US dollar		100%

Source. Global Terror Attack Index 2020.

Ethno-religious schism is inevitable when differing ethno-religious groups are present, and it serves different purposes based on the interests, values, creed, and belief system of the agitators. Accordingly, ethno-religion schism serves both positive and negative ends, and changes as peoples' orientation and interests' changes (Omotola, 2010). It is positive when it is deployed to right certain societal ills such as; marginalization, injustice, inequitable distribution of socio-economic and political amenities (Akinyeye, 2020). For instance, the Maitatsine riot of 1980's started basically to kick against corruption prevalent amongst the government officials in the Northern region. The sect believed that such act(s) were inimical to the development of the region and the tenets and creed of Islam and vehemently confronted it, but the government perceived it as an assault and having the instrument of coercion at its disposal deployed it to repress and suppressed the group leading to dozens of deaths and wanton destructions of properties worth several millions of Naira. Correspondingly, the Boko Haram Lukurawa and Al-murabitun splitter fundamentalist group in Nigeria and Mali began as a social reformist group having noticed and observed the gargantuan corruption within the Northern region and the region's backwardness in socio- economic amenities and the exclusion of Northern elements in the corridor of the federal government administration, and openly confronted the maladies that has eaten deep the fabric of the society which Islamic tenets abhorred. It later degenerated to fierce contestations when the government deployed forceful repression against the group by killing over 1000 of its members and its leader Mahammed Yusuf by the Nigerian police (Omilusi, 2022).

Again, religious extremism is negative when it is used to drive away investment; foreign and local investors, destroying schools and health facilities and other national symbols. However, it is estimated that Boko Haram religious extremists in their bid to enthrone Islamic state or (theocratic state) in the Nigeria as a whole and Northern Nigeria specifically where Western values and education would be obliterated led to the loss of over 1.33 trillion Naira worth of foreign direct investment (FDI) in Nigeria (Chilaka & Idika, 2017). While in Mali over 1132 were killed and 2556 injured (Global Terrorist Index, 2020). This is because no sane investor would invest in an environment that is violent prone, and where his life and property may not be guaranteed. This act and other incendiary activities designated Nigeria 3rd worst terrorist country in the world after Syria and Afghanistan while Mali was the eleventh position in the ranking (Ogbonnaya, 2019). This depiction led to the issuance of notice from various foreign embassies to their nationals to avoid or leave those religious extremist states or violent prone states in Nigeria, and as they leave unemployment mount, for the employees of those companies were Nigerian citizens. Religious extremism according to (United Nations Development Programme, 2017) led to the dropout of over 13million children from school, and 910 schools destroyed as well as 1500 school closed down within Northern region of Nigeria, while health facilities and their personnel target of attack. Also in Mali 440000 persons were displaced in 2022 and 391961 in 2023 respectively (Global Terrorist Index, 2020).

Therefore, there are other isolated cases of ethno-religion schism despite the Boko Haram and Maitatsine mentioned earlier in the discourse. Examples in Nigeria are the Kaduna sharia riot of 2000, Damboa, Borno state riot of 2000, Jos riot of 2001, Kano riot 2001, Tiv-Jukun crisis of 2001, Kano riot of 2004, Plateau crisis of 2004, Borno 'Danish Carton riot of 2006, Kano state Tudun Wada riot of 2007, Bauchi State, Yana town riot of 2008 and Jos riot of 2010 just to mention but a few. In Mali in 2019 the Dana Ambssagou, Ogossoguo and Wilingara were attacked and several number of death were record (Global Terrorist Index, 2020) These crises between Muslim- Christian and Muslim- Ethnic groupings led to several lives were lost of lives, and millions of persons displaced while property worth several billion of naira destroyed. Importantly one of the major drawbacks confronting Nigerian state since the return of democratic rule in 1999 while the ethno-religious conflict in Mali began during the transition period in 2014 which translate Mali into an epicenter of insurgency in the Sahel region and still continue to pose systemic challenge to governance in Mali.

Effects of Insecurity on Investment and Economic Activities

Security crises directly disrupt industries that are FDI targets such as agriculture, mining, and energy. In Mali and Burkina Faso, terrorist control over large swathes of land has hindered mining operations, leading to the exit of Canadian and French mining firms (African Development Bank, 2023). Since Nigeria relied heavily on oil for its foreign currency revenues, the acts and activities of these armed groups all but destroyed the country's economy. As a result of the government's concern over the reduction of the oil quota from 2.2 million barrels per day to 700,000 barrels per day as of 2007, steps were taken to grant amnesty to the militants and investigate their plight. By 2000, the Niger Delta Development Commission (NDDC) had been established to specifically address the ecological and development needs of the region. According to Omotola (2010), *"the NDTC inauguration on the September 2008 by the Yar'Adua administration to collate, review and distil, various report, suggestions and recommendation from previous reports on the Niger Delta, including the willink commission from 1958 in order to chart an alternative way forward in addressing the Niger Delta question"*. In accordance with Organization of the Petroleum Exporting Countries' guidelines, oil production output increased from 700,000 barrels per day in 2007 to 2.6 million barrels per day when amnesty was granted in 2009. The Nigerian economy was significantly impacted by the militant insurgencies in the Niger Delta, as seen by the reduction in foreign earnings from crude oil sales and rent receipts.

With respect to capital flight and declined investor confidence, security crises create an unpredictable environment that discourages FDI. In countries like Nigeria and Mali, the presence of extremist groups, political instability, and armed conflicts deters long-term capital inflows. Foreign investors prefer stable environments where returns are not threatened by violence or regime instability. Insecurity also hampers ease of doing business and reduces the competitiveness of local markets. This climate leads to a consistent decline in new FDI approvals and reduces reinvestments by existing investors (Reuters, 2023). Operating in insecure regions leads to higher transaction costs for foreign firms. These include costs for private security, insurance premiums, and fortified infrastructure. In countries like Somalia and Burkina Faso, companies report spending up to 25% more to protect personnel and assets. These additional expenses reduce the return on investment and make such regions less attractive compared to safer alternatives. Consequently, many firms either pass these costs to consumers or relocate to countries with lower security risks. According to the World Bank (2024), FDI inflow to Nigeria declined by 26% in 2022 as investors cited escalating insecurity as a key deterrent.

Security crises have led to capital flight and project abandonment. Persistent insecurity leads to the premature exit of foreign investors. Capital flight occurs when investors withdraw investments to avoid losses from violence or sabotage. In Mozambique, the insurgency in Cabo Delgado prompted the suspension of multi-billion-dollar LNG projects. The sudden halt of these projects not only resulted in massive financial losses but also eroded investor confidence across the region. Abandonment of incomplete projects adds to infrastructural decay and discourages future investment commitments. Insecurity has caused significant disruption of infrastructure and logistics. Insecurity often results in attacks on roads, ports, and energy facilities key components for business operations. In Ethiopia and Sudan, rebels have sabotaged transport corridors, delaying the movement of goods and raising logistic costs. Infrastructure damage deters new FDI, especially in manufacturing and agriculture, which depend heavily on supply chains. The cost and risk of repairing or safeguarding these infrastructures further discourages investors from engaging in high-capital, long-term projects in unstable regions (World Bank, 2024).

In terms of sectoral impacts and investment reallocation; insecurity affects sector-specific FDI decisions, pushing investments from affected regions to safer zones. For example, while Nigeria's northern agricultural belt suffers from insecurity; investors have shifted capital to southern regions. Similarly, Kenyan agricultural projects have declined in conflict-prone northern areas. This reallocation leads to uneven development, creates regional economic disparities, and disrupts national development goals. High-risk sectors like mining, infrastructure, and agriculture are most affected due to their exposure to rural and volatile areas (Kenya Investment Authority, 2024). Insecurity has resulted in Decline in Investor Perception Index. Security issues affect how global investors perceive a country's risk profile. Countries like Burkina Faso, Chad, and South Sudan saw their ratings fall on global investment perception indices due to rising violence and political instability. A low rating result in increased borrowing costs, reduced investor interest, and higher risk premiums. These indices are often used by international firms in FDI decisions, and a country's inability to manage insecurity reduces its global economic reputation and attractiveness.

Security crises have caused weak institutional response and policy paralysis. When governments fail to respond effectively to insecurity, it signals weak institutions to investors. In Cameroon, Sudan, and Niger, the inability to curb violence or protect property rights has resulted in legal uncertainty and governance paralysis. Investors become skeptical of conflict resolution, dispute settlement, and policy continuity. A perception of weak rule of law further discourages foreign firms, especially those interested in public-private partnerships, infrastructure, and legal-intensive sectors. It has led to insurance Premium Hikes and Risk Ratings. Foreign investors pay more to insure their assets in insecure countries. Global insurers rate regions like the Central African Republic and northern Nigeria as high-risk zones, increasing premiums. This added cost burdens foreign firms and reduces net returns. Furthermore, credit agencies downgrade such countries' investment ratings, increasing costs of capital. Combined, these effects reduce the competitiveness of insecure nations and lead investors to explore safer alternatives in Africa or abroad (Fitch Ratings, 2014).

Insecurity displaces skilled labor and contributes to brain drain. In Nigeria, Ethiopia, and Somalia, professionals migrate to safer environments, leaving investors with limited human capital. Labor force instability discourages foreign firms that depend on skilled or semi-skilled labor. Recruiting expatriates increases cost, and operating in unstable labor markets raises risks for human resource planning. Ultimately, insecurity weakens the foundation needed to support long-term foreign investments (United Nations Development Programme, 2025).

Effects of Security Crises on African Foreign Exchange Markets

In the Security crises, exchange rate volatility thrives. Insecurity drives investors to withdraw funds quickly, leading to capital flight and foreign exchange volatility. Countries like Nigeria have experienced sharp naira depreciation due to foreign divestments from insecure regions. These outflows reduce foreign reserves, increasing demand for scarce forex and causing rapid exchange rate fluctuations. The unpredictability discourages trade and raises the cost of imported goods, amplifying inflationary pressures. Frequent depreciation cycles disrupt macroeconomic planning and monetary policy effectiveness, reducing the credibility of central banks in managing the forex market (Central Bank of Nigeria, 2023).

Security crises have resulted in declining forex reserves of most affected countries in Africa. Insecurity reduces FDI inflows, which are a vital source of foreign exchange for many African economies. Countries experiencing terrorism, coups, or armed conflict such as Mali and Burkina Faso report sharp drops in foreign capital. The absence of FDI means less access to foreign currencies, exacerbating exchange rate pressure. Local currencies become weaker as governments struggle to meet demand for forex to fund imports, debt payments, and public services. The resulting scarcity drives black market activity, further complicating monetary control (International Monetary Fund, 2023).

There has been increased demand for forex due to security-driven imports. Rising insecurity compels governments to import military hardware, surveillance systems, and security logistics, all of which require foreign currency. These non-productive imports consume a large share of limited forex reserves, diverting funds from productive sectors like health or education. For example, in Somalia and Sudan, security-related imports surged significantly, raising pressure on exchange rates. This imbalance inflates local currencies, causes trade deficits, and triggers exchange rate instability. The long-term effect is macroeconomic distortion and diminished investor trust in the currency (United Nations Economic Commission for Africa, 2024).

Insecurity has caused significant speculative attacks and black market growth. Security crises erode confidence in official forex channels, encouraging parallel market growth. In countries like South Sudan and Zimbabwe, individuals and businesses turn to the black market for hard currency, where exchange rates often double official rates. Insecurity heightens uncertainty, leading to speculation and hoarding of foreign currency. This dual exchange rate system undermines monetary policy and creates arbitrage opportunities. Consequently, businesses suffer planning difficulties, while the government loses control over the formal forex market (International Monetary Fund, 2025).

Security crises have caused significant decline in export revenue from conflict zones. Conflict often restricts access to resource-rich regions, reducing export volumes and foreign exchange earnings. In Nigeria's Niger Delta and Libya's oil fields, militant activities and civil unrest disrupted crude oil production. With fewer exports, the availability of foreign currencies shrinks, intensifying exchange rate depreciation. This decline not only affects national revenue but also weakens the country's capacity to stabilize its currency through foreign reserves. Export disruptions in insecure areas also contribute to trade imbalances and external debt accumulation (Organization of the Petroleum Exporting Countries, 2024).

Security crises deplete foreign exchange reserves. To curb exchange rate depreciation triggered by insecurity, many African central banks intervene heavily in the forex market. These interventions rapidly deplete foreign reserves, weakening monetary resilience. Ethiopia, facing internal armed

conflict, saw a steep drop in reserves while defending its currency against rapid devaluation. Without strong forex buffers, countries struggle to manage imports, service external debts, or cushion economic shocks. Persistent insecurity therefore shortens the lifespan of interventions and deepens currency crises (African Monetary Fund, 2025). Insecurity has led to reduced remittances due to migration restrictions. Conflict and instability often lead to migration restrictions and financial service disruptions, which hamper remittance flows. Many African countries rely on diaspora remittances as key sources of foreign exchange. However, insecurity in countries like the Central African Republic and parts of Nigeria has impaired transfer systems and financial infrastructure. Lower remittances reduce the supply of foreign currency, creating additional pressure on exchange rates. Households and small businesses that depend on foreign inflows are also adversely affected (World Bank, 2025).

Insecurity reduces public and investor trust in the national currency. People fear economic collapse and opt to hold more stable foreign currencies, especially the U.S. dollar or euro. This preference for foreign currencies increases demand, depreciates the local currency, and fosters inflation. In countries like Zimbabwe and the Democratic Republic of Congo, such behavior has fueled currency substitution. The central banks lose autonomy over monetary policy, and inflation further diminishes citizens' purchasing power (African Development Bank, 2025). Security crises have caused significant disruption of tourism and service-related forex sources. Particularly, insecure environments deter tourism, a significant foreign exchange earner for countries like Kenya, Egypt, and Tunisia. Attacks, travel advisories, and civil unrest drastically reduce tourist arrivals, resulting in massive forex losses. According to recent reports, Kenya's forex earnings from tourism fell by over 22% in 2024 following a rise in regional insurgencies. The impact cascades to hotels, airlines, and small businesses that rely on foreign visitors for income, leading to broader forex market imbalances.

CONCLUSION

Insecurity remains a critical obstacle to sustainable economic development in many African countries, with far-reaching consequences for both FDI inflows and the stability of foreign exchange markets. This study has demonstrated, through recent empirical evidence and statistical insights, that persistent threat such as terrorism, civil unrest, insurgencies, and political violence significantly reduce Africa's attractiveness to foreign investors. Across Nigeria, Kenya, Burkina Faso, and Mali, FDI inflows have sharply declined due to physical threats to infrastructure, workforce insecurity, and an unpredictable business environment. Investors increasingly perceive African economies with high insecurity levels as risky, redirecting capital to safer destinations or pulling out entirely. Sustainable development and prosperity cannot flourish in an environment plagued by violent conflict. Likewise, insecurity elevates the cost of doing business, forcing foreign firms to allocate significant resources to security arrangements and insurance, thereby reducing profitability and dampening investor enthusiasm. In countries like D.R. Congo and Mozambique, insecurity has led to the suspension of large-scale extractive and energy projects, illustrating how sensitive FDI is to the security landscape. Additionally, insecurity indirectly affects investment by weakening institutions, eroding investor confidence, and discouraging long-term planning and expansion.

On the foreign exchange front, the consequences of insecurity are equally destabilizing. Insecurity limits forex inflows by disrupting key forex-generating sectors like oil, agriculture, and tourism. Export disruptions in Nigeria, piracy in Somalia, and tourism declines in Kenya have led to lower foreign currency reserves, exacerbating exchange rate volatility. In countries such as South Sudan and Zimbabwe, insecurity has given rise to black-market forex trading, creating parallel exchange rates that

undermine central bank policies and fuel inflation. Government responses to forex crises triggered by insecurity such as imposing capital controls or rationing forex access often distort the market further. In many instances, insecurity also increases the demand for foreign exchange due to heightened imports of military equipment and humanitarian goods, while the reduced inflow of investment, remittances, and tourism revenue creates a damaging supply-demand imbalance. This dynamics results in the rapid depreciation of local currencies, public loss of confidence in monetary institutions, and reduced economic resilience.

By providing a methodical, comparative examination of the impacts of insecurity across ten diverse countries, this research fills a gap created by single-country studies and makes a distinctive contribution to the conversation on development in Africa. By applying Dunning's Eclectic Paradigm to high-risk situations, it advances theory by showing how location-specific advantages are undermined by insecurity. Additionally, by emphasizing the pressing need for integrated security and economic strategies, it provides policymakers with useful awareness. African governments and their development partners must make a strong, forward-looking commitment to investing in intelligence-led security operations, promoting regional cooperation on security matters, and implementing economic policies that build resilience against security shocks. This paper serves as a crucial reminder that sustainable development and prosperity cannot flourish in an environment plagued by violent conflict. The continent's ability to address its security crises is inextricably linked to its path to economic prosperity. However, implementation is not without challenges, such as political resistance and institutional inertia.

POLICY IMPLICATIONS AND RECOMMENDATIONS

There is need for security sector reform. Governments must increase investment in intelligence and counter-terrorism to create a more secure environment for investors. Regional collaboration through platforms like ECOWAS and the African Union is crucial. The legal and institutional frameworks have to be strengthened. Ensuring rule of law, transparent arbitration mechanisms, and property rights will reduce perceived risks and attract long-term investments. There is urgent need for diversification of African economies. Countries should diversify away from extractive industries vulnerable to conflict and invest in sectors like ICT and agriculture that can attract Greenfield investments in safer zones. Forex market management has to be taken seriously by African monetary authorities. Central banks must adopt flexible exchange rate systems combined with robust monetary policy to cushion the effects of capital flight due to insecurity.

A counterterrorism strategy ought to incorporate long-term socioeconomic growth. Poverty, unemployment, and illiteracy among young people continue to be major recruitment factors for extremist organizations. Funding must be allocated to rural development, education, and vocational training initiatives in addition to military support by regional and international partners, such as the UN, World Bank, and bilateral donors. Programs for trauma counseling and gender-sensitive rehabilitation for survivors, former fighters, and displaced families must be a key component of peace-building initiatives. Fourth, stopping democratic backsliding is essential to regional stability. Despite Mali's coup government's pledges to alleviate economic misery and insecurity, long-term unity is at risk due to its lack of democratic legitimacy. Similar problems include public disenchantment, corruption, and state incompetence in Nigeria's democracy, despite its procedurally sound foundation. Both nations need to work toward election changes, implement anti-corruption measures, and encourage inclusive governance that crosses religious and ethnic divides. Nonetheless, the successful implementation of these recommendations is not without significant challenges. These include political resistance from

vested interests, institutional inertia that slows down reforms, and the complex, deeply-rooted nature of many local and regional conflicts. Additionally, the high cost of security sector reform and a lack of sustained funding can hinder progress. A successful strategy will require a strong, sustained commitment from both African governments and their development partners to overcome these barriers.

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