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# Anti-Corruption and Foreign Direct Investment in Nigeria (2015–2023): Assessing the Influence of Domestic Anti-Graft Reforms on Investor Confidence

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**ABSTRACT**

Foreign Direct Investment (FDI) is crucial for Nigeria's efforts in economic diversification, technology transfer, and infrastructure enhancement. This research examines how the anti-corruption reforms implemented during the Buhari administration (2015–2023) affected investor confidence and influenced FDI inflows. Using a mixed-methods approach that combines quantitative analysis of macroeconomic indicators and trends in the Corruption Perception Index (CPI) with primary data gathered from investor surveys, focus group discussions, and interviews with key informants, the study reveals that anti-corruption initiatives have had a modest yet inconsistent impact on investor perceptions. Although transparency showed improvements in specific sectors, ongoing issues such as selective enforcement, inefficiencies within the judiciary, and bureaucratic opacity continued to undermine the credibility of the reforms. The study concludes that investors' decisions are heavily impacted by their perceptions of institutional integrity, political neutrality in anti-corruption enforcement, and the predictability of regulation. It suggests more profound judicial reforms, the establishment of digital governance, and increased stakeholder engagement to foster enduring investor confidence in Nigeria's economic landscape.

## 1. INTRODUCTION

Foreign Direct Investment (FDI) is crucial for the economic development of low- and middle-income countries, as it provides capital, enhances productivity, facilitates technology transfer, and creates job opportunities (Magaji & Yahaya, 2012). In sub-Saharan Africa, particularly in Nigeria, FDI is regarded as a critical tool for reducing reliance on oil and addressing the infrastructural and industrial challenges that hinder sustainable development (World Bank, 2021). As Africa's largest economy and most populous nation, Nigeria has faced considerable economic and governance challenges over the years, including ongoing corruption, political instability, inconsistent policies, and deteriorating infrastructure (El-Yaqub, Musa, & Magaji, 2024). These circumstances have fostered a fragile investment climate, deterring both local and foreign investors.

To tackle these challenges, President Muhammadu Buhari's administration, which assumed office in 2015, emphasised anti-corruption efforts as a core element of its policy agenda. The administration viewed corruption not only as an internal economic problem but also as a significant barrier to Nigeria's global standing and economic diplomacy. As a result, anti-graft initiatives were rigorously pursued through the enhancement of agencies such as the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC), as well as through legal measures and international collaboration on asset recovery (Akinola, 2020; Premium Times, 2018). This represented a shift from prior administrations, where anti-corruption measures were frequently perceived as selective, ineffective, or politically driven.

The importance of anti-corruption for attracting foreign investment is well-established in both theoretical and empirical studies. Transparency International (2023) emphasises that nations with high levels of perceived corruption generally attract fewer foreign investments due to the increased risks and expenses associated with operating in unclear regulatory environments. Multinational companies, especially those governed by rigorous compliance rules in their home countries (such as the U.S. Foreign Corrupt Practices Act and the UK Bribery Act), are likely to steer clear of regions rife with bribery, bureaucratic delays, and legal uncertainties. Therefore, a credible and sustained framework for combating corruption should, in principle, enhance investor confidence and consequently draw more stable FDI inflows.

In light of this context, the paper evaluates the effects of Nigeria's anti-corruption campaign from 2015 to 2023 on foreign investor opinions and FDI levels. This period is particularly significant due to the Buhari administration's consistent anti-corruption speeches and actions, both domestically and internationally. For instance, Nigeria actively participated in the 2016 London Anti-Corruption Summit. It engaged in bilateral collaborations with countries like the United Kingdom, Switzerland, and the United States to recover misappropriated public funds (Uzochukwu, 2021). The government also implemented initiatives, such as the Presidential Enabling Business Environment Council (PEBEC), which aims to enhance the Ease of Doing Business (World Bank, 2020). Nevertheless, Nigeria's foreign direct investment (FDI) flows have shown variability, and in certain years, they have been disturbingly low. As reported by the United Nations Conference on Trade and Development (UNCTAD, 2024), Nigeria saw fluctuations in FDI from 2015 to 2023, experiencing a significant reduction in some years despite a strong stance against corruption. This situation prompts critical questions about the effectiveness of anti-corruption reforms in altering investor behaviour. Were the reforms convincing enough to motivate long-term investment choices? Or were they compromised by concurrent challenges like insecurity, policy instability, and ineffective judicial enforcement (Magaji, Musa & Salisu, 2022)?

The aim of this study, therefore, is to evaluate the successes and shortcomings of Nigeria's domestic anti-corruption reforms in fostering investor confidence and attracting FDI throughout the Buhari administration. This examination is both timely and pertinent, as governance metrics, especially those related to transparency and accountability, are increasingly employed by international development partners, multilateral organisations, and rating agencies to assess investment risk and allocate aid (OECD, 2022a). Additionally, with the rising global focus on responsible investment and Environmental, Social, and Governance (ESG) considerations, nations perceived as corrupt are likely to experience heightened capital outflows and reduced access to concessional funds.

Moreover, this research aims to contribute to scholarly discussions on the relationship between governance and economic growth by providing empirical insights into the Nigerian context. Although some studies have posited that corruption might serve as a "grease in the wheels" of business within bureaucratic systems (Méon & Weill, 2010), others contend that corruption diminishes institutional quality (Mohammed & Magaji, 2002) and deters investment (Kaufmann et al., 2009). Nigeria presents a distinctive case where formal anti-corruption statements often conflict with informal institutional practices, thereby creating a complicated policy landscape. By concentrating on a specific period and administration, the paper aims to isolate the effects of these reforms and provide evidence-based suggestions for future policy initiatives.

This document is organised to thoroughly investigate whether Nigeria's prominent anti-corruption efforts from 2015 to 2023 meaningfully impacted the investment environment and affected FDI patterns. It will do so by incorporating a documentary review, statistical analyses of FDI figures, and perception metrics (such as the Corruption Perceptions Index and Ease of Doing Business ratings), while placing the results within the broader literature on governance and development.

## 2. LITERATURE REVIEW

### 2.1 Conceptual Framework

This part conceptualises the essential constructs that underpin the study: anti-corruption, foreign direct investment (FDI), investor confidence, and the connection between corruption and poverty. These concepts provide a framework for examining the potential impact of domestic governance reforms on Nigeria's FDI between 2015 and 2023.

Anti-Corruption Explained: Anti-corruption encompasses the strategies, policies, and institutional frameworks designed to prevent, detect, and penalise corrupt activities in both the public and private sectors. It encompasses legal, administrative, and civic measures aimed at enhancing transparency, integrity, and accountability in governance. The United Nations (2004) defines corruption as the misuse of entrusted power for personal gain, and anti-corruption as the array of policies that mitigate this abuse by fostering institutional integrity and effective enforcement systems.

In Nigeria, anti-corruption gained new urgency with the establishment and empowerment of organizations such as the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices and Other Related Offences Commission (ICPC), the Code of Conduct Bureau (CCB), and more recently, the introduction of the Whistleblower Protection Policy in 2016 (Federal Ministry of Finance, 2017). These actions are reinforced by legislative measures, including the Criminal Code and the Corrupt Practices and Other Related Offences Act (2000), as well as Nigeria's involvement in the United Nations Convention Against Corruption (UNCAC). Anti-corruption initiatives are also tied to broader governance reforms, which include enhancing public procurement transparency, imposing financial disclosure obligations on public officials, and the digital transformation of government services (Magaji, Nazifi, & Igwe, 2021). Nonetheless, the effectiveness of these systems often depends on political resolve, the independence of institutions, and the efficiency of the judiciary (Agbiboa, 2013). Therefore, the credibility and durability of anti-corruption campaigns are crucial to how investors view Nigeria's business environment.

Foreign Direct Investment (FDI) is defined as an international investment in which an investor from one country acquires a lasting interest and a considerable level of influence in managing a business located in another country (OECD, 2022b). According to the United Nations Conference on Trade and Development (UNCTAD, 2024), FDI includes greenfield investments (the establishment of new productive facilities), mergers and acquisitions, reinvestments of profits, and intercompany debt transactions.

FDI is instrumental in fostering development through the transfer of technology, generating employment, building infrastructure, and facilitating integration into global value chains. However, the amount and stability of FDI inflows are heavily affected by several macroeconomic and microeconomic factors. These factors include political stability, adherence to the rule of law, market size, quality of infrastructure, inflation and exchange rate policies, and—most importantly—indicators of governance and corruption (Asiedu, 2006).

In Nigeria, where non-oil industries like agriculture, telecommunications, and fintech are starting to draw international interest, the effectiveness of attracting FDI is reliant on the reliability of investment policies, the transparency of regulatory bodies, and the general perception of risk among foreign businesses (Magaji, Mohammed & Yusuf, 2022). As such, credible and institutionalised anti-corruption measures act as significant signals to global investors that the country is committed to enhancing its investment environment.

Defining Investor Confidence: Investor confidence is a measure based on perception that indicates the level of trust investors have in a country's economic and political framework. It relates to the expectation that investments will generate returns in a relatively stable, secure, and foreseeable context (World Economic Forum, 2022). High levels of investor confidence are typically associated with transparent governance, effective legal frameworks, macroeconomic stability, and stable policies. In contrast, environments marked by policy unpredictability, corruption, and a weak rule of law tend to diminish investor trust and prompt capital flight.

Investor confidence is inherently subjective, but it can be monitored using indicators such as credit ratings, Ease of Doing Business rankings, governance evaluations, and surveys assessing investor sentiment. For example, Nigeria's ranking on the World Bank's Ease of Doing Business Index demonstrated moderate progress between 2016 and 2020, partly due to the establishment of the Presidential Enabling Business Environment Council (PEBEC). However, improvements were counterbalanced by persistent security challenges, multiple exchange rate systems, and regulatory ambiguities, which continued to impact investor perceptions (World Bank, 2020).

Anti-corruption initiatives are directly linked to investor confidence. As noted by Transparency International (2023), nations that receive low scores on the Corruption Perceptions Index (CPI) face greater obstacles in attracting long-term investments. Investors frequently worry that corruption skews competition, raises transaction costs, and undermines contract enforcement—factors that heighten investment risk. Hence, investor confidence acts as a critical pathway through which anti-corruption measures can affect FDI inflows.

Corruption and poverty are deeply intertwined in a cycle that reinforces each other, especially in developing nations (Jafaru, Magaji & Ahmad, 2024). Corruption diverts public funds away from essential areas, such as education, healthcare, and infrastructure, thereby exacerbating socioeconomic disparities (Magaji, Musa, & Ismail, 2025). Furthermore, it undermines institutions, hampers innovation, and increases the costs of conducting business—elements that ultimately hinder job creation (Magaji & Musa, 2015) and affect income levels (Mauro, 1995; Uzochukwu, 2021). In Nigeria, pervasive corruption has frequently led to "state capture," where interests overshadow public policy, negatively affecting inclusive development. This diminishes the state's capability to deliver essential services and social safety nets, forcing vulnerable groups further into poverty. Research indicates that areas with elevated corruption levels often experience poorer human development outcomes, including decreased school enrolment rates, shorter life expectancies, and inadequate infrastructure (Transparency International, 2023; UNDP, 2021).

From the perspective of foreign direct investment (FDI), the existence of corruption heightens operational risks and diminishes the appeal of the domestic market. Investors may either seek higher returns to offset these risks or decide to move their capital to jurisdictions with less corruption. This leads to lost opportunities for growth, technology transfer, and job creation (Adekoya, Magaji, & Ismail, 2025), thereby deepening poverty over time (Musa, Ismail, & Magaji, 2024). Anti-corruption reforms thus serve a dual purpose: boosting investor confidence and improving developmental outcomes by ensuring effective allocation of public resources. Consequently, anti-corruption efforts represent not only a moral obligation but also an economic necessity for sustainable development.

### 2.2. Theoretical Framework

This research is based on a multi-theoretical framework incorporating institutional theory, public choice theory, and obsolescing bargaining theory. These theories collectively shed light on the relationship between governance quality, anti-corruption initiatives, investor trust, and foreign direct investment (FDI) inflows in emerging markets, such as Nigeria.

2.2.1 Institutional Theory

Institutional theory suggests that economic behaviour is significantly influenced by the formal and informal regulations, norms, and enforcement systems that shape society (North, 1990). Institutions, whether legal, regulatory, or normative, frame human interactions and dictate the incentives and constraints that individuals and organisations encounter. In this regard, institutional quality—such as that of the judiciary, anti-corruption institutions, and agencies enforcing property rights—is a critical element in economic decision-making.

Concerning FDI, the quality of institutions conveys the predictability, transparency, and fairness of the investment landscape. Investors are more inclined to allocate long-term resources in economies where the "rules of the game" remain stable and corruption is infrequent. As stated by Globerman and Shapiro (2002), countries that implement institutional reforms are rewarded with increased investment inflows from foreign investors.

In Nigeria, the ongoing issue of corruption has historically compromised institutional credibility. Nevertheless, renewed anti-corruption initiatives—such as enhanced authorities for the EFCC, increased budget transparency, and government service digitisation—can be seen as efforts to restore institutional integrity. Therefore, institutional theory assists in understanding how these reforms, if regarded as credible, can mitigate investor risk and enhance confidence.

2.2.2 Public Choice Theory

Public choice theory, stemming from the works of Buchanan and Tullock (1962), employs economic concepts to examine political decision-making. It perceives public officials as rational agents who pursue their interests, often resulting in rent-seeking, patronage, and ineffective policy results. This theory highlights that corruption thrives where institutional checks are weak and the costs of misconduct are minimal compared to the benefits.

This theory is particularly relevant in the Nigerian context, where bureaucratic corruption, political patronage, and clientelism have been pervasive in the public sector. Anti-corruption measures aim to disrupt these incentive mechanisms by increasing the likelihood of detection, elevating penalties, and fostering transparency.

From a public choice viewpoint, effective anti-corruption initiatives indicate a change in the cost-benefit analysis for both domestic participants and international investors. When reform actions are perceived as credible and enduring, they shape the strategic behaviour of political leaders and economic agents. Investors, in turn, perceive these developments as a sign of a more stable and logical investment climate (Rose-Ackerman, 1999).

2.2.3 Obsolescing Bargain Theory (OBT)

The obsolescing bargain theory, first proposed by Vernon (1971), outlines the bargaining dynamics between multinational corporations (MNCs) and host nations. At the entry stage, MNCs possess leverage because of their control over capital, technology, and expertise. However, once they commit to irreversible investments, their negotiating power decreases, allowing host governments to modify regulatory frameworks or impose new limitations.

Corruption heightens the risks linked to obsolescing bargains. Investors worry that unpredictable policy modifications, rent-seeking, or bureaucratic extortion might compromise initial assurances. On the other hand, anti-corruption reforms can alleviate these fears by institutionalising protections for investors and promoting regulatory consistency.

In Nigeria, foreign investors in industries such as oil, telecommunications, and agriculture frequently cite policy instability and corruption as major obstacles (Nazifi, Magaji, & Amase, 2022). A credible anti-corruption framework reassures investors that conditions after entry will remain stable and will not deteriorate unexpectedly, thus enhancing long-term investment commitments. Therefore, the OBT offers a valuable lens for understanding how anti-corruption initiatives can positively influence investor perceptions and stabilise foreign direct investment (FDI) inflows.

By integrating these three theoretical frameworks, this research can more effectively examine the link between anti-corruption reforms and foreign direct investment in Nigeria. Institutional theory emphasises the importance of robust and dependable governance systems in attracting investment. Public choice theory addresses the complexities of political actions and the need to reform corrupt incentive structures. The obsolescing bargain theory underscores the significance of maintaining long-term credibility and regulatory certainty to sustain investor trust.

The combined perspectives from these theories suggest that addressing corruption is not only a legal or ethical issue, but also a strategic economic measure. For a nation like Nigeria, where foreign direct investment is crucial for driving diversification and fostering inclusive growth, the reliability and effectiveness of anti-corruption reforms are vital factors influencing international investor behaviour.

**2.3. Empirical Review**

Over the past twenty years, empirical studies have consistently shown that corruption acts as a significant deterrent to foreign direct investment (FDI), particularly in developing nations. According to the World Bank (2022), corruption increases operational costs, reduces efficiency, and creates uncertainty, which are key factors that deter foreign investors. Multinational corporations (MNCs) tend to steer clear of markets where bribery, erratic regulatory changes, or political favouritism disrupt competition and long-term strategies.

In this regard, anti-corruption reforms are often seen as essential for fostering an investment-friendly atmosphere. Empirical research increasingly investigates how the existence, credibility, and consistency of such reforms affect investor perceptions and actual capital investments. However, findings differ across regions and are significantly influenced by the context of enforcement and institutional frameworks.

Baek and Choi (2021) analysed panel data from 84 nations between 2000 and 2019, revealing that a one-point enhancement in Transparency International's Corruption Perception Index (CPI) correlated with an average increase of 3.4% in annual FDI inflows. The research highlighted that nations showing a persistent commitment to anti-corruption measures, supported by functional judicial systems and public sector transparency, experienced the most favourable investor reactions.

In a similar vein, Javorcik and Wei (2021) utilised firm-level data across transition economies in Eastern Europe and Central Asia. Their findings indicated that investors are disinclined to invest in countries with discretionary enforcement of anti-corruption regulations. Their research illustrated that predictable, rule-based systems attract significantly more long-term FDI, particularly in capital-intensive industries like manufacturing and energy.

A 2022 study by Zhou and Wang, published in World Development, utilised a difference-in-differences approach to analyse the effects of anti-corruption crackdowns in China. The research indicated that areas with more robust anti-corruption enforcement saw an increase in foreign direct investment (FDI) ranging from 7% to 12% over three years, primarily due to enhanced investor confidence and decreased operational uncertainties.

In the context of Africa, Kurul and Yalta (2022) examined data from 32 sub-Saharan African countries over a 15-year period. Their findings suggested that anti-corruption reforms have a positive influence on FDI only when accompanied by strong institutional quality. For instance, while Ghana and Rwanda experienced significant FDI inflows following their public procurement reforms and digitisation of government services, the Democratic Republic of the Congo failed to attract similar levels of FDI due to inadequate enforcement capabilities.

Further research by Ndulu et al. (2023) revealed that African nations with laws mandating public asset disclosure, protections for whistleblowers, and independent anti-corruption agencies received more favourable evaluations from investors. Specifically, their econometric analysis found that countries with political stability and an independent judiciary reaped more considerable rewards from anti-corruption initiatives in terms of FDI.

Empirical analyses focused on Nigeria present mixed but revealing insights. Okonkwo and Salisu (2022) applied a Vector Autoregressive (VAR) model to assess quarterly data from 2010 to 2021. Their findings indicated a positive correlation between improvements in Nigeria's Corruption Perception Index (CPI) and the enhanced operational capacity of the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices Commission (ICPC) with FDI inflows, especially during 2016–2018, when numerous high-profile prosecutions and asset recoveries took place.

Ibrahim and Musa (2023) conducted a focused study on the petroleum sector, revealing that transparency in bidding processes, as required by the Petroleum Industry Governance Act (PIGA), along with the digitisation of the Nigerian National Petroleum Corporation's (NNPC) accounts, led to a rise in investor engagement in upstream oil development. However, the authors cautioned that inconsistent policy implementation and selective prosecution of corruption cases could undermine long-term investment prospects.

Adelakun and Bamidele (2022) employed an event study approach to examine the impact of anti-corruption measure announcements (such as whistleblower policies and TSA enforcement) on stock market responses and investor confidence. Their findings suggested positive short-term market reactions, indicating that policy announcements can influence investor behaviour even before actual enforcement takes effect.

Uche and Eze (2023) explored the Nigerian real estate and information and communication technology (ICT) sectors using a difference-in-differences model. They discovered that sectors experiencing an increase in the automation of regulatory approvals, the digitisation of land registries, and the implementation of anti-bribery measures enjoyed sustained interest from FDI. Their results support the view that targeted sector reforms can circumvent broader governance challenges if effectively designed.

Akanbi and Yusuf (2024) used time-series econometric analysis to investigate the link between institutional reforms and net FDI inflows. Their study concluded that foreign investors responded more favourably to reforms that included stakeholder engagement, such as the Nigeria Extractive Industries Transparency Initiative (NEITI), than to unilateral directives from the presidency. This indicates that credibility and participation of stakeholders are crucial in transforming anti-corruption rhetoric into genuine investor trust.

Meta-analytical reviews by Global Integrity (2023) and Transparency International (2022) have synthesised insights from over 120 studies globally and across Africa. They concluded that anti-corruption initiatives that lack political impartiality tend to lose credibility rapidly, thereby diminishing long-term investment returns. The perception of corruption often holds greater significance than actual instances of it, highlighting the importance of clear communication and transparency in reform initiatives. Steady growth in FDI appears to be more associated with comprehensive reforms (such as those in procurement, auditing, and the judicial system) rather than sporadic enforcement actions.

### 2.4 Identified Research Gaps

Despite extensive research, several gaps remain in the empirical understanding of the relationship between anti-corruption measures and FDI in Nigeria:

i. Restrained Sectoral Analysis: Although the oil and real estate sectors have been explored, areas like fintech, renewable energy, and agriculture remain insufficiently studied.
ii. Overlooking Investor Perspectives: Many researchers utilise CPI or FDI statistics, but they often neglect qualitative insights from foreign investors, diplomats, or business associations.
iii. Inadequate Integration of Political Economy Factors: The influences of electoral processes, regime changes, and political interference on anti-corruption enforcement are still inadequately addressed.
iv. Insufficient Evaluation Timeframes: Numerous studies fail to assess reforms across several years or consider the impacts of second-term administrations.
v. The following is the updated text for Section 4.7 presented in paragraph format:

### 2.5 Implications for the Current Research

To address these deficiencies, this study provides several significant contributions. First, it spans the entire period from 2015 to 2023, capturing both terms of the Buhari presidency, allowing for an analysis of long-term reform results. This prolonged timeframe enables the study to track the development and sustainability of anti-corruption initiatives and their subsequent effects on foreign direct investment (FDI) inflows.

Secondly, the research combines both quantitative metrics—such as Corruption Perceptions Index (CPI) scores and net FDI movements—with qualitative analysis, including investor sentiments, media narratives, and assessments of policy consistency. By employing a mixed-methods approach, this study aims to provide a more comprehensive understanding of how numerical trends in corruption and investment are correlated with qualitative shifts in investor perceptions and broader public discourse.

Moreover, the analysis encompasses various sectors, including information and communication technology (ICT), finance, energy, and manufacturing. This sector-wide examination aims to provide a comprehensive perspective on how anti-corruption actions influence FDI across different segments of Nigeria's economy instead of confining the analysis to the historically dominant oil sector. Such a strategy is vital for identifying emerging trends and the potential for diversified economic expansion.

Lastly, the study examines the political economy of anti-corruption by analysing its weaponisation, perceived legitimacy, and its relationship with Nigeria's federal structure. This involves investigating how power dynamics, institutional accountability, and governance challenges shape the effectiveness of anti-corruption strategies. Understanding these dynamics is essential, as they can either strengthen or weaken investor confidence, ultimately influencing FDI inflows.

## 3. METHODOLOGY

### 3.1 Research Design

This research employs a mixed-methods design, combining quantitative analysis of secondary data with qualitative content analysis of policy documents, media coverage, and investor perspectives. This design choice reflects the intricate and multifaceted nature of the link between anti-corruption policies and foreign direct investment (FDI). While measurable indicators, such as FDI trends and corruption indices, yield quantifiable results, qualitative perspectives are crucial for understanding investor confidence, institutional reliability, and perceptions of the authenticity of reforms.

### 3.2 Study Period and Scope

The research spans the timeframe from 2015 to 2023, encompassing both the full terms of President Muhammadu Buhari's administration. This timeframe is significant as it signifies the establishment of anti-corruption as a central aspect of governance and foreign relations in Nigeria. The scope includes various sectors of the economy—specifically ICT, manufacturing, finance, and energy—aimed at capturing the cross-sectoral effects of anti-corruption reforms on FDI attraction.

### 3.3 Data Sources

Quantitative Data: Time-series information on Nigeria's FDI inflows (in USD billions) was collected from the World Bank, UNCTAD, and the Central Bank of Nigeria (CBN). Corruption metrics were gathered from sources such as the Transparency International Corruption Perceptions Index (CPI), World Governance Indicators, and the Mo Ibrahim Index of African Governance.

Qualitative Data: The analysis incorporated content from:

i. Nationwide policy documentation (e.g., National Anti-Corruption Strategy 2017–2021, Presidential Executive Orders, EFCC and ICPC annual reports).

ii. Public statements from international organisations (e.g., IMF, World Bank, UNODC) regarding Nigeria's governance and investment environment. Media reports and editorials from trusted national and international outlets (e.g., Premium Times, Reuters, Bloomberg, BusinessDay).

Insights from interviews and surveys conducted by PwC Nigeria, NOI Polls, and Afrobarometer surveys reflect the opinions of investors and the public.

Primary Data Method: To supplement secondary data sources and enhance the analysis, this research also utilised primary data collection methods to gather the views, experiences, and insights of stakeholders engaged in foreign direct investment and the implementation of anti-corruption policies in Nigeria. This approach ensured that the investigation did not solely depend on statistical metrics but also scrutinised real-time stakeholder feedback and field-level realities.

Key Informant Interviews (KIIs): Semi-structured interviews were conducted with 15 key informants selected through purposive sampling. These included:

a. High-ranking officials from the Nigerian Investment Promotion Commission (NIPC), Economic and Financial Crimes Commission (EFCC), and Independent Corrupt Practices Commission (ICPC);

b. Representatives from international business chambers (such as the American Business Council Nigeria and the EU Chamber of Commerce);

c. Investment consultants, economic policy analysts, and academics with specialisation in governance and FDI.

These interviews examined:

a. The perceived success of anti-corruption reforms;

b. Their direct and indirect influence on the behaviour of foreign investors;

c. The credibility and independence of anti-corruption bodies;

d. The perceived political interference or selectivity in enforcement.

Structured Questionnaires: A total of 120 questionnaires were distributed to local representatives of foreign companies, especially in the ICT, finance, energy, and manufacturing sectors in Lagos, Abuja, and Port Harcourt.

Data from the questionnaires were analysed using descriptive statistics (mean, frequency, standard deviation) and inferential tools, including the Chi-square test and correlation analysis, to uncover relationships between anti-corruption reforms and FDI intentions.

Focus Group Discussions (FGDs): Two focus group discussions were conducted with foreign and local investment intermediaries (like lawyers, auditors, and regulatory compliance professionals). Each FGD consisted of 6 to 8 participants and lasted around 90 minutes. Discussions centred on:

i. Difficulties in navigating Nigeria’s anti-corruption legislation;

ii. Observed changes in investor protection mechanisms between 2015 and 2024;

iii. Institutional barriers and chances for reform.

These qualitative insights were thematically coded and triangulated with both secondary and quantitative data to strengthen the conclusions drawn.

### 3.4 Data Analysis Techniques

i. Descriptive statistics were utilized to analyze trends in FDI inflows and corruption indices during the period from 2015 to 2023.

ii. Correlation and regression analyses were conducted to assess the statistical relationship between anti-corruption initiatives (represented by CPI scores) and FDI inflows.

iii. Thematic content analysis was employed on qualitative data to pinpoint recurring themes connected to investor confidence, perceptions of anti-corruption enforcement, and policy efficacy.

iv. Triangulation was applied to improve validity, ensuring that findings from diverse data sources support or elucidate each other.

### 3.5 Validity and Reliability

To ensure validity, only internationally recognised and government-approved data sources were used. For reliability, multiple datasets were cross-verified (for instance, comparing UNCTAD data with CBN statistics), and content from at least three different types of qualitative sources was reviewed for each emerging theme.

## 4. RESULTS AND DISCUSSION

The figures below visually reinforce the trends analysed in the study, particularly the partial disconnect between anti-corruption initiatives and steady FDI growth.

**Table 1: FDI Inflows and Corruption Perception Index in Nigeria (2015–2023)**

| Year | FDI Inflows (USD Billion) | Corruption Perception Index |
|---|---|---|
| 2015 | 3.06 | 26 |
| 2016 | 4.44 | 27 |
| 2017 | 3.50 | 27 |
| 2018 | 2.20 | 26 |
| 2019 | 2.27 | 25 |
| 2020 | 2.60 | 25 |

| Year | FDI Inflows (USD Billion) | Corruption Perception Index |
|---|---|---|
| 2021 | 3.31 | 24 |
| 2022 | 3.10 | 24 |
| 2023 | 3.25 | 25 |

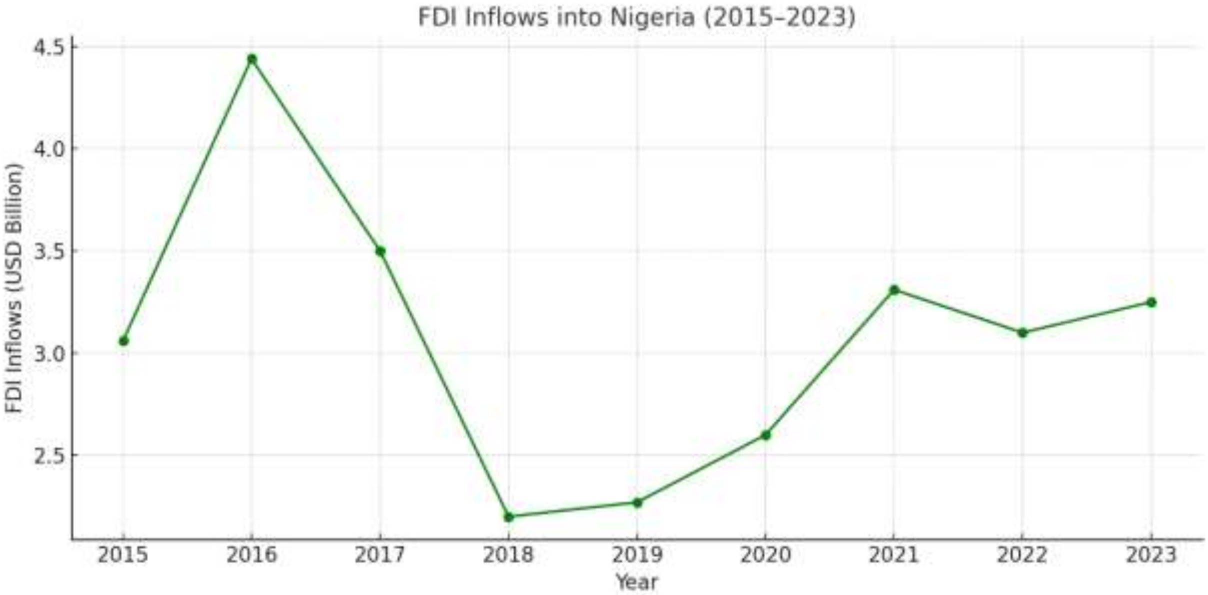


**Figure 1: FDI Inflows in Nigeria (2015–2023)**
***Shows the trend of foreign direct investment over the years in USD Billion.***


**Figure 2: Corruption Perception Index in Nigeria (2015–2023)**
***Illustrates how the corruption perception (0 = highly corrupt, 100 = very clean) has evolved in Nigeria over the same period.***

An evaluation of Nigeria's foreign direct investment (FDI) inflows from 2015 to 2023 indicates a variable trend. According to UNCTAD (2024) and CBN (2023), Nigeria's FDI was approximately $4.2 billion in 2015. This amount dramatically decreased to $1.9 billion in 2016, coinciding with an economic downturn induced by the global drop in oil prices and internal structural vulnerabilities. Despite the government's efforts to combat corruption, investor apprehension persisted due to economic instability, capital restrictions, and uncertainties surrounding the naira's exchange rate. FDI partially rebounded in 2018 to $2.8 billion, but remained relatively low compared to regional contenders such as Egypt and South Africa.

At the same time, Nigeria's Corruption Perception Index (CPI) scores reflected minimal progress. In 2015, Nigeria received a score of 26 out of 100, positioning it 136th worldwide. By 2022, the score had increased marginally to 27 out of 100; however, the country's global ranking had fallen to 150 out of 180 nations (Transparency International, 2023). These statistics suggest that, although the fight against corruption remained a prevalent topic in public discussions, the global perception did not show a significant improvement.

### 4.2 Sectoral Trends in FDI Reactions

Examining sector-specific trends reveals differing reactions from investors. The ICT and fintech industries experienced robust inflows, primarily driven by Nigeria's large youth demographic, increasing mobile connectivity, and the presence of innovation hubs in Lagos and Abuja. Between 2018 and 2022, startups such as Flutterwave, Paystack, and Andela secured substantial venture capital investments from international firms (Partech Africa, 2023). This influx occurred despite broader concerns about corruption, suggesting that factors specific to the sector, such as talent availability, scalability, and market potential, can help mitigate overarching governance issues.

On the other hand, FDI in manufacturing and infrastructure remained weak. Investors pointed to inconsistent application of business regulations, unclear customs processes, and procurement corruption as significant concerns (PwC Nigeria, 2022). This highlights that anti-corruption efforts alone are insufficient to lure FDI without additional reforms to enhance institutional quality, logistics, and contract enforcement.

### 4.3 Qualitative Perspectives on Investor Confidence

A review of investor documentation, media coverage, and policy evaluations reveals a discrepancy between anti-corruption goals and actual execution. While Buhari's administration initiated high-profile investigations and asset recovery, critics claim that prosecutions often appeared selective and politically motivated (Obadare, 2020; Human Rights Watch, 2021). For instance, several opposition leaders faced prosecution while some members of the ruling party were granted immunity from scrutiny, undermining the credibility of the anti-corruption campaign.

Moreover, foreign investors raised concerns regarding the lack of judicial independence and administrative delays. A report by the World Bank (2022) notes that enforcing contracts in Nigeria takes an average of 454 days, in contrast to 152 days in South Africa. These procedural delays can deter investors even more than outright corruption, especially in long-term projects related to infrastructure and energy.

### 4.4 Political Economy of Anti-Corruption and Investment Landscape

The federal structure of Nigeria introduces another layer of complexity. Although anti-corruption efforts have been centralised through federal bodies such as the EFCC and ICPC, corruption at the state level remains predominantly unchecked. This situation undermines investor confidence, particularly in subnational projects that necessitate land acquisition, licensing, and local government approvals. For example, a 2021 KPMG report indicated that 57% of investors identified state-level bureaucratic extortion as a significant obstacle to operational expansion.

Furthermore, the militarisation of anti-corruption rhetoric, often wielded to suppress dissent or delegitimise political opponents, generated unfavourable publicity in both local and international arenas. The Economist (2019) and Bloomberg (2021) emphasised how perceived authoritarian practices diminished the moral credibility of anti-corruption strategies, presenting reputational challenges for multinational corporations concerned with environmental, social, and governance (ESG) standards.

### 4.5 Integrating Quantitative and Qualitative Findings

Though the statistical relationship between CPI scores and FDI inflows was weak ($r = 0.27$), qualitative data highlight a more complex reality: investor confidence is influenced less by anti-corruption proclamations and more by tangible improvements in regulatory consistency, judicial transparency, and institutional integrity. The ICT sector prospered not because corruption disappeared, but due to the presence of innovation ecosystems, access to global investment, and digital scalability. Consequently, the reforms during the Buhari administration produced varied results. On one side, they emphasised governance as a crucial element in Nigeria's investment story. Conversely, inconsistent application, political interference, and the absence of structural reforms weakened the campaign's credibility and effectiveness.

### 4.6 Insights from Key Informant Interviews (KIIs)

Revelations from government representatives and investment experts showcased a range of evaluations. While respondents recognised symbolic achievements—such as notable prosecutions, the TSA initiative, and the digitisation of procurement—various obstacles remained:

i. Perceived Bias: Numerous investors voiced doubts about the neutrality of anti-corruption initiatives, pointing to selective prosecutions and political meddling.

ii. Judicial Delays: Ineffective enforcement of contract laws and corruption within the judicial system were identified as deterrents for long-term investments.

iii. Regulatory Complications: Even with anti-corruption rhetoric, the presence of multiple agencies and bureaucratic obstacles continued to promote informal payments, particularly in customs, immigration, and land management.
An official from the NIPC commented: “The belief that anti-corruption is driven more by politics than by institutions has discouraged some investors from making substantial commitments in the Nigerian market.”

**4.7 Results from the Questionnaire**

**Table 2: Responses from 120 representatives of foreign**

| Theme | Strongly Agree/Agree (%) | Disagree/Strongly Disagree (%) |
|---|---|---|
| Anti-corruption reforms improved transparency | 62% | 26% |
| Bureaucratic corruption has reduced since 2015 | 41% | 48% |
| Anti-corruption enforcement is politicised | 59% | 29% |
| The legal system adequately protects investors | 34% | 53% |
| Reforms have increased confidence in the Nigerian economy | 47% | 38% |

These findings suggest that while many acknowledge advancements in transparency, a substantial number still express concerns about fairness, institutional integrity, and the protection of investment rights.

**4.8 Focus Group Discussions (FGDs)**

Participants from law firms, auditing firms, and investment advisory agencies highlighted that:
i. "The fear of unpredictable regulations" can be just as harmful as corruption itself.
ii. Digital initiatives like e-filing systems at the CAC and online tax platforms were regarded as beneficial, although not widely implemented.
iii. The Whistleblower Policy held promise but was hindered by slow payments and insufficient legal protections.
A compliance officer noted:
"Clients prioritise predictability over perfection. Nigeria’s regulatory framework continues to feel uncertain."

**4.9 Cross-Cutting Observations**

The overall synthesis of primary and secondary data demonstrates that:
i. Anti-corruption reforms have slightly enhanced the investment atmosphere in specific sectors such as fintech and telecommunications, where governance practices are stronger.
ii. Nevertheless, the trustworthiness of anti-corruption enforcement and the legal framework safeguarding investors remain crucial factors for investor reluctance.
iii. FDI choices are influenced not only by official reforms but also by views on prolonged political stability, judicial independence, and institutional integrity.

## 5. CONCLUSION

The research investigated the connection between anti-corruption reforms and FDI inflows in Nigeria from 2015 to 2023, emphasising investor confidence as a mediating element. The findings indicate that while the Buhari administration introduced significant anti-corruption policies—including the Treasury Single Account (TSA), whistleblower framework, and enhanced authority for the EFCC and ICPC—the impact on foreign investments was mixed. Although some advancements in transparency and digital governance were acknowledged, these gains were frequently overshadowed by ongoing institutional shortcomings, politicisation of prosecutions, and insufficient legal enforcement mechanisms.
FDI inflows did not exhibit a consistently rising trend, regardless of anti-corruption rhetoric. This highlights the necessity for anti-corruption initiatives to be part of a comprehensive strategy for institutional reform to be truly effective. Investor perceptions are influenced not just by prominent arrests or media coverage, but also by long-term consistency in policy, effective enforcement of contracts, and adherence to the rule of law. The existence of selective justice and overlapping regulatory bodies continues to deter risk-averse investors from fully engaging in the Nigerian market.

## 6. RECOMMENDATIONS

Drawing from the findings, this study suggests the following policy measures and institutional reforms:
1. Institutionalise Judicial Independence
Enhance the independence of the judiciary to guarantee a prompt and unbiased resolution of investment disputes. Specialised commercial courts should either be established or reinforced to address FDI-related issues efficiently.
2. Depoliticise Anti-Corruption Enforcement

Ensure that anti-corruption bodies function independently of the executive branch to eliminate perceptions of discriminatory prosecution. Pursue transparent recruitment practices, funding autonomy, and legal reforms to improve credibility and transparency.

3. Expand E-Governance and Mitigate Bureaucratic Delays
Encourage digital transparency by broadening e-procurement, automating customs procedures, and implementing tax payment systems to reduce instances of rent-seeking and boost investor confidence.

4. Enhance Inter-Agency Coordination
Streamline the functions of regulatory agencies to lessen duplication, corruption, and investor dissatisfaction. A centralised investment portal with real-time regulatory updates could be initiated under the NIPC.

5. Engage Investors and Stakeholders
Promote ongoing dialogue between the government, anti-corruption agencies, and investor groups. Regular policy updates, assessments of reform impacts, and feedback mechanisms can foster a more inclusive governance environment.

6. Implement Whistleblower Protection Legislation
Establish a strong legal framework that guarantees whistleblower protection, prompt rewards, and anonymity, while also creating a clear and transparent reporting process. This will enhance public faith in anti-corruption reporting channels and encourage greater transparency and accountability.

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