



## **EFFECT OF COVID-19 PANDEMIC ON THE INFLOW OF FOREIGN DIRECT INVESTMENT: EMPIRICAL EVIDENCE FROM NIGERIA**

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### **ABSTRACT**

This paper seeks to find out the effect of Covid-19 pandemic on the inflow of foreign direct investment as evidenced from Nigeria. As global FDI flows are expected to fall by more than 40% between 2020-2021 even under the most optimistic scenario, owing to the success of the public health and economic support policy measures taken by various governments to address the effect of the pandemic and the resulting recession that ensued globally. Hence, the study examined the effect of Covid-19 pandemic on FDI inflows to Nigeria from 2010 to 2021. Ex-ante as a quasi-experimental research design was employed using secondary sources of data from World Economic Indicators and Central Bank of Nigeria. The study employs both descriptive and inferential statistics as method of data analysis. The findings of the study revealed that FDI inflows to Nigeria decline marginally owing to the pandemic. The study concludes that though Covid-19 had depleted global FDI flows by a half, the impact was felt more by the developing and transitional economies taking Nigeria's case into cognizance. The study therefore recommends that the Nigerian policy makers are to provide more incentives to individuals and corporate entities so as to help attract and retain productive investments since FDI serves as a catalyst for growth and developments especially in developing economies.

**Key words:** Foreign Direct Investment, Gross Domestic Product, Covid-19 Pandemic, Pool and Push factors



## **1. INTRODUCTION**

The Covid-19 pandemic has affected every facet of businesses worldwide including Foreign Direct Investment (FDI). According to United Nation Conference on Trade and Development estimate (UNCTAD, 2020), global FDI flows may fall by 40% in 2020–21 as a result of the direct effect of the pandemic. The reduction in economic activities will be more pronounce in emerging countries, looming large fears of reduction of global trade and supply chain according to Organization of Economic Cooperation and Development (OECD, 2021). The Covid-19 pandemic is the latest exogenous shock of this century experienced after 9/11 and the global melt down of 2008 that shook the whole world. According to Balchin (2020:2), “this shock is different from the earlier ones, because it has burdened the world economy by creating supply, demand, and policy shocks concurrently”. Governments around the world invoked emergency laws and adopted such measures as border controls, stay-at-home orders, social distancing, quarantine, and lockdown to protect people from the ravages of the virus (Lee, 2020).

The Covid-19 pandemic has been considered one of the most disruptive events in the world in all of history since it has been an external shock that has affected not only the world’s health systems but has also managed to cause serious damage to the world economy. The damage caused to the economy has been very severe, particularly in the labour market; production activities and FDI (Segundo & Armijos, 2020). The adverse effects of Covid-19 on FDI flows are likely to have major implications on international trade as they are complimentary. FDI contributes to international trade integration and can enable domestic firms to access international production networks, global value chains and export market (Alfaro, 2016; OECD, 2020). The latest data on Greenfield FDI from the Financial Times’ FDI Markets database provides further evidence that investors are becoming more wary and risk-averse in identifying new investment opportunities in the face of the pandemic. This is clearly revealed by the reduction in new venture announcement at the beginning of the year 2020 (OECD, 2020). The disruptive impact of the pandemic on global supply chains and the weak business outlook adversely affected investor decisions in 2020 and may well overlap to 2021.

According to World Investment Report by UNCTAD (2021), this focuses on investing in a sustainable recovery from the pandemic on how the pandemic impacted FDI globally as well as investment priorities for the recovery phase. Due to the complex health and economic challenges created by the pandemic throughout, the African continent FDI flows have been significantly impacted to



and from the region. In fact, Africa's share of total global FDI inflows for developing economies fell from 6.3 percent to 5.9 percent between 2019 and 2020.

Overall, FDI inflows to Sub-Saharan Africa decreased by 12 percent between 2019 and 2020, but a few countries managed to record growth in investments. In fact, Central Africa registered a consistent increase in FDI with inflows increasing to \$9.2 billion from \$8.9 billion in 2019 and 2020 respectively. East Africa and Southern Africa, on the other hand, saw 16 percent drops between the periods under review. Notably however, even within regions the impacts of the pandemic varied. For example, Ghana recorded a 52 percent decline in FDI inflows in the year 2020, a drop from \$3.9 billion to \$1.9 billion; meanwhile, inflows to Nigeria slightly decreased from \$3.2 billion in 2019 to \$2.4 billion in 2020 (White, 2021).

According to Central Bank of Nigeria reports (CBN, 2020), FDI inflow in the country has been encouraging in 2020 as it recorded \$2.4 billion despite the Covid-19 pandemic, but dropped in 2021 by almost 48% in first, second and third quarters of the year as against 2020. This downfall of FDI may have been as a result of the economic recession the country experienced due to Covid-19 pandemic. The pandemic has affected the production and supply chain activities globally resulting in a negative growth. These developments are troublesome especially considering the enormous investment needs associated with the sustainable development goals (SDG's) in emerging economies like that of Nigeria. It is against this background that this paper seeks to find out the answers to the following question; To what extent have Covid-19 pandemic impacted FDI inflows in Nigeria? As well as to empirically examined the relative performance of FDI inflows into Nigeria with regards to pre-Covid-19 and during the Covid-19 pandemic.

## **2. LITERATURE REVIEW**

The relationship between FDI and Covid-19 pandemic has been documented in so many studies. Multi-National Corporations (MNC) are one of the key players in international trade and their global activities are affected by the recalibration of FDI regimes and lockdown measures adopted by many countries due to Covid-19 (Sharma, 2020). The Congressional Research Service report (2020) as sighted in Sharma (2021) has identified three key channels through which the pandemic affects international trade vis-a-vis FDI. First, the pandemic has reduced economic activities due to lockdowns. Secondly, reduced demand for goods in general has adversely affected imports. And thirdly, 'a reduced trade with commodity exporters that supply producers, which, in turn, reduces their imports' negatively, affects trade and economic activities of exporters. The combined effect of these factors



reveals a dramatic reduction in international trade. In fact, the World Trade Organization (WTO, 2020) in its reports, predicted that world merchandise trade will plummet by 13% to 32% in 2021.

Using a survey response from 500 listed firms in ten emerging markets, Beck, Flynn and Homanen (2020) study reveal that significant number of the study's population were adversely affected by the pandemic and hence scale that leads to scaling down of investment flows. The results of the paper also reveal stakeholder-centric firms experienced lower stock price declines during the crisis, suggesting that stock markets were slow to react to the negative effect of the Covid-19 on firms in emerging market economies. This implies that the market had a delayed reaction to the available information which is not consistent with the efficient market hypothesis at strong level.

A study conducted on the implication of Covid-19 on FDI by Sharma (2021) revealed that the fall of FDI will be felt much more in developing countries, looming large fears of disruption to supply chain, significant reduction of global trade and growing fears of acquisition by large MNC. Consequently, the fears of Covid-19 pandemic have made several countries to formulate new policies for foreign investors screening. The study also examines the nature and extents of these changes to determine whether there is convergence or divergence and the findings provide support to the convergence of FDI restrictions. While Serik and Hauge (2020) observed that the pandemic has uncovered how worldwide interconnected the progression of labor and products has become and nations are currently reconsidering their worldwide exchange techniques to decrease their weakness to worldwide financial shocks.

In a study conducted by Mogro and Armijos (2020) in Ecuador to evaluate the effect of FDI inflows due to Covid-19, the result revealed a significant decrease of FDI inflows in that country and therefore Covid-19 has strong and statistically significant negative impacts on its FDI inflows. While trying to explore the uncertainty with regards to Covid-19 on FDI globally, using health pandemic uncertainty index on sample of 142 economies together with a sub-sample (income and regions) from 1996 to 2019 using a two-step generalized methods of moment's estimations of linear dynamic panel-data model. The result shows that health pandemic has negative impacts on FDI. However, the risk associated with the pandemic creates adverse shocks on FDI net inflows in Asia-Pacific countries and emerging economies (Tu Ho & Gan, 2021).



In a study conducted in Arab region by the United Nation to find the impacts of Covid-19, it was found that the pandemic combined with a dramatic plunge in oil prices in the year 2020 lead to a reduction in FDI inflows to the regions to the tune of \$17.8 billion in 2020, which is a drop of 45% when compared to pre-Covid-19 pandemic period. This substantial drop in FDI aggravates concerns of financing businesses in the region, where energy and petrochemicals sectors receive a large share of FDI inflows (UNESCWA, 2021).

Study conducted by Mistura and Roulet (2019) on the effect of statutory restrictions on FDI covering 60 advanced and emerging countries over the period 1997 to 2016 using augmented gravity model. The results suggests that reforms in liberalizing “FDI restrictions by about 10% as measured” by the Organization of Economic Corporation and Development (OECD) FDI regulatory restrictiveness index increase bilateral FDI and the effects are felt far more in service sector and even manufacturing sector are negatively affected by countries overall restrictiveness.

Based on the literatures reviewed above there has not been any study in Nigeria where comparative analysis was done empirically with respect to the effect of Covid-19 pandemic on inflows of FDI. This study intends to fill that gap by empirically analyzing the pre-Covid-19 Pandemic and the during pandemic to assess any significant changes that may arose in the periods under review by employing a regression analysis.

### **Theoretical Framework**

The underpinning theory of this study is pull and push-factor theory by Harrod Domar Growth Theory. Generally, the theoretical and empirical analyses of determinants of FDI flows have been based on two main groups of factors that attract FDI when the intention to invest outside of home country is made by the MNC's. These are the pull-factors (demand side factors) and the push-factors (supply side factors). The pull-factors are those that could induce Multinational Corporations (MNC's) to desire to create or expand their operations overseas.

Push-factors on the other hand are the host country explicit condition that impacts the progression of FDI. These are factors that draw in FDI when the choice to contribute out of home nation is brought about by the MNC's. It tends to be concluded that pull factors figure out which nation's gets which portions of FDI, while push factors impacts the general size of FDI (Akinkugbe, 2003; Asiedu, 2002). The most generally referred factors in the standard financial literature in this



area are distance from business sectors, market size, infrastructure, labour cost, political security, adequacy of overall set of laws, monetary and charge motivations, loan fees, human resources, exchange advancement (import and commodity), and regular asset enrichments like unrefined petroleum products and other mineral endowments.

### **3. METHODOLOGY**

The study employs quasi-experimental research design because most of the studies reviewed uses descriptive and survey design. The unit of analysis is Nigeria and the study cover a period of 2010 to October 2021. Secondary data of time series were source from World Development Indicators and the Central Bank of Nigeria in the period under review. The data is analyze using Statistical Package for Social Sciences (SPSS, 25) by first; subjecting the data to preliminary (normality test) to see if it is normally distributed then followed by a parametric test of correlation and regression analyses.

The model of the study expresses FDI as the dependent variable and other investment determinant factors as the independent variables (as Covid-19 proxies). The model was adopted with slight adjustment from the work of Tu Ho and Gan (2021) on FDI and world pandemic uncertainty. To investigate the impact of Covid-19 pandemic shocks on FDI inflows to Nigeria, the following dynamic equations model is applied:

$$FDI_{it} = \alpha_0 + \alpha_1 GDP_{it} + \alpha_2 DI_{it} + \alpha_3 HCI_{it} + \alpha_4 FD_{it} + \alpha_5 EXIM_{it} \dots \dots \dots \epsilon_{it}$$

**Table 1**  
**Variable Definition and Measurement**

<b>Variables</b>	<b>Definition</b>	<b>Measurement</b>
<b>Dependent Variable: FDI</b>	Foreign direct investment inflows by at least acquiring 10% stake by a foreign investor in a host country	Sharma, Tu Ho & Gan (2021), Tunde (2021), Segundo & Mary (2020), Serik & Hauge (2020).
<b>Independent Variables: Covid-19 Proxies as:</b>		
GDP	Gross domestic product is the aggregate goods and services produced in a country within a specified period of time	Dinara et al (2020), Bayal, et al (2020), Ijirshar, et al (2019), Qureshi, et al (2020).
DI	Domestic Investment refers as Gross capital formation proxies by infrastructural spending (capital project in a country)	Serik & Hauge (2020), Adegboye, et al (2020), Andrew, et al (2015)
HCI	Human Capital Development to be measured by Human Capital Index of the World	Bayar, et al (2020), Tu Ho & Gan (2021), Ohotina & Lavrinenko
FD	Financial Development refer as domestic credit to private sector	Yusuf, et al (2020)
EXIM	Trade openness refer as total import and export at a period t.	Nwosa & Omolade (2010), Udejaja & Onyebuchi (2015)

Source: Compiled by the Author (2022).

#### **4. RESULTS AND DISCUSSIONS**

The study employs regression analysis to find the effect of Covid-19 pandemic on FDI inflows in Nigeria using a time series data. The periods covered in the study are divided into two; period one cover 2010 to 2018 that is before the pandemic (ex-ante) and the second period covers 2010 to 2021 during the pandemic. Comparative analysis is done in order to see if there is any significant effect on FDI between the two periods under review because of the pandemic. The essence of covering 2010 to 2021 as “during pandemic” is to make room for comparative analysis before and during the pandemic using a regression analysis. The paper employs both descriptive and inferential statistics to the individual characteristics of the variables used in the study as well as to determine the extent of their relationship in the study respectively.

### Descriptive Statistics

The descriptive statistics reveals the properties and characteristics of the data employed together with their patterns. It reveals the mean average of the return of the data within their upper and lower bound together with their standard deviations.

**Table 2**  
**Descriptive Statistics**

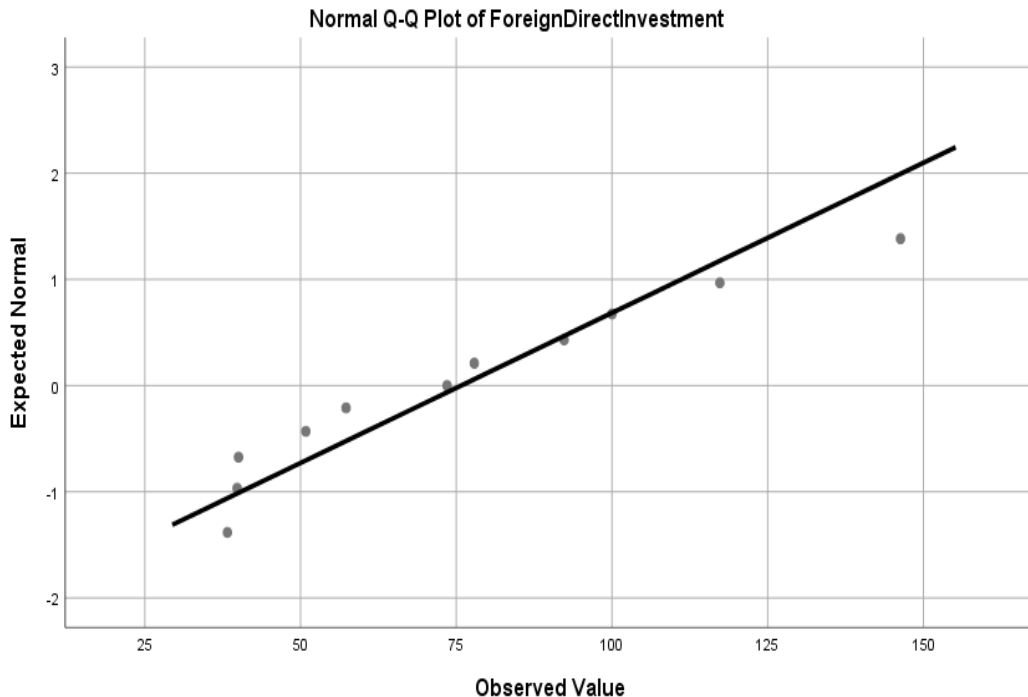
Statistic	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis		
							Std. Error	Std. Error	
Foreign Investment	Direct 11	38.25	146.32	75.7827	35.37358	.758	.661	-1.92	1.279
Gross Product	Domestic 11	97.37	142.11	115.0300	14.71255	.609	.661	-7.17	1.279
Domestic Investment/Capital formation	11	14.90	29.40	18.2373	4.82697	1.753	.661	2.125	1.279
Human Capital Index	Capital 11	75.00	112.50	104.9100	10.71755	-2.540	.661	7.075	1.279
Financial Development	11	10.20	14.60	12.2727	1.33423	.045	.661	-.631	1.279
Export-Import	11	20.72	44.53	32.5364	7.74649	-.066	.661	-.585	1.279
Valid N (listwise)	11								

Source: Generated by the Authors (2022) using SPSS 25.

The descriptive statistics from table 2 shows the dispersion of the variable around their means and which are low. The skewness and kurtosis which measures the pattern of the data and flatness of the curve respectively reveals that the data is positively skewed and the kurtosis value is platykurtic meaning the values are negative and the frequency of the values are low. From table 2 above the FDI has a positive skewness of 0.075 and a negative kurtosis of -1.92, GDP reveal a positive skewness of 0.609 and a negative kurtosis -7.19, domestic investment (DI) has a positive skewness and kurtosis of 1.753 and 2.125 respectively, human capital index (HCI) consists of negative skewness of -2.540 and a positive kurtosis of 7.075, financial development (FD) reveal a positive skewness of 0.045 and a negative kurtosis of -0.631 and Trade openness (EXIM) has a negative skewness and kurtosis of -0.066 and -0.585 respectively.



Based on the values of Skewness and Kurtosis we can conclude that the data is symmetrical and normally distributed. This is confirmed from the test of Normality, which reveals both the Kolmogorov-Smirnov test and Shapiro-Wilk test of P-value less than 0.05 (i.e., statistically significant) as depicted below in figure 1 and table 3 respectively.



**Figure 1:** Showing scatter plot of FDI and Independents Variables

**Table 3**  
**Test of Normality**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Foreign Investment	Direct.154	11	.200*	.917	11	.298
Gross domestic Product	.201	11	.200*	.933	11	.443
Domestic Investment/Capital formation	.330	11	.001	.699	11	.000
Human Capital Index	.262	11	.034	.654	11	.000
Financial Development	.135	11	.200*	.977	11	.949
Export-Import	.143	11	.200*	.956	11	.716

\*. This is a lower bound of the true significance.

Source: Generated by the Authors (2022) using SPSS, 25.

From the foregoing the justification of running a regression analysis is confirmed since the time series data employed are normally distributed.

**Table 4**  
**Correlation Matrix**

	FDI	GDP	DI	HCI	FD	EXIM
FDI	1	.				
GDP	0.12	1				
DI	-.501	-.089	1			
HCI	.14	1.48	-.629	1		
FD	-.174	.524	-.080	.068	1	
EXIM	-.614	-.106	.201	-.377	-.292	1

Source: Generated by the Author (2022) using SPSS

Table 4 reveals the correlation between the defendant variable (FDI) and the independent variables as well as correlation between independent and independent variables. From the result of the correlation, it can be deduced that FDI has not

exhibited strong association with other independent variables as the coefficient of correlation (r) are less than 0.8 which is the rule of thumb, as such we conclude that there is no serial correlation (i.e., absent of multicollinearity) between the variables in the study.

**Table 5**  
**ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10175.568	5	2035.114	4.353	.066 <sup>b</sup>
	Residual	2337.335	5	467.467		
	Total	12512.903	10			

a. Dependent Variable: Foreign Direct Investment

b. Predictors: (Constant), Export-Import, Gross domestic Product, Domestic Investment/Capital formation, Financial Development, Human Capital Index

Source: Computed by the Author (2022) using SPSS 25.

Table 5 above shows that the model of study is ‘fit’ as the Analysis of Variance (ANOVA) is statically significant with p-value of 0.06 at 5 percent level of significance.

**Table 6**  
**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Change Statistics				Sig. Change	F Durbin-Watson
					the R Square Change	F	df1	df2		
1	.902 <sup>a</sup>	.813	.626	21.62099	.813	4.353	5	5	.066	3.090

a. Predictors: (Constant), Export-Import, Gross domestic Product, Domestic Investment/Capital formation, Financial Development, Human Capital Index

b. Dependent Variable: Foreign Direct Investment

Source: computed by the Author (2022) using SPSS 25.

Table 6 reveals the model summary which shows that the R square (Coefficient of determination) between 2010 to 2021 is 0.81, meaning the model explains 81 percent of the model and statistically significant at 0.05 percent level. While the remaining 19 percent, were explained by other factors not captured in the model.

**Table 7**  
**Coefficients<sup>a</sup> (Pre-Covid-19 pandemic, 2010 to 2018)**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	Correlations		
	B	Std. Error	Beta	t		Zero-order	Partial	Part
1 (Constant)	1870.761	722.952		2.588	.081			
Gross domestic Product	2.520	1.078	1.218	2.337	.101	.028	.803	.398
Domestic Investment/Capital formation	12.803	8.878	.588	1.442	.245	-.082	.640	.245
Human Capital Index	-17.135	6.871	-2.121	-2.494	.088	-.806	-.821	-.424
Financial Development	-22.789	10.102	-1.000	-2.256	.109	-.242	-.793	-.384
Export-Import	-5.078	3.504	-1.285	-1.449	.243	.797	-.642	-.247

a. Dependent Variable: Foreign Direct Investment  
Source: computed by the Author (2022) using SPSS 25

**Table 8 Coefficients**  
**(During Covid-19 pandemic- 2019 to 2021)**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta	t			Tolerance	VIF
1 (Constant)	158.435	152.389		1.040	.346			
Gross domestic Product	.202	.555	.084	.363	.731	.702	1.425	
Domestic Investment/Capital formation	-5.707	1.829	-.779	-3.120	.026	.600	1.667	
Human Capital Index	-.758	.882	-.230	-.859	.430	.523	1.912	
Financial Development	-1.816	6.335	-.068	-.287	.786	.654	1.529	
Export Import	3.074	1.004	.673	3.061	.028	.772	1.295	

a. Dependent Variable: Foreign Direct Investment  
Source: Computed by the Author (2022) using SPSS 25.

### Testing of Hypotheses

To test for the hypothesis, raise in this study, we use table 8 regression result (During the Covid-19 pandemic) to find the relationship or otherwise between the dependent and the independent variables and the report is presented in table 9 below.

**Table 9**  
**Hypotheses Testing**

Hypotheses	Coef.	p-value	Significant/Findings	Remarks
H <sub>01</sub> : There is no significant positive relationship between GDP and FDI inflow in Nigeria.	0.202	0.7	The coefficient of GDP to FDI inflow in Nigeria is positive (0.202) but statistically not significant (p-value = 0.7) at 5% level. That is for every one increase in Covid-19 pandemic in Nigeria there is a 20% decrease in GDP	This study confirms the work of Segundo & Armijos, 2021 as well as White, 2021 and Sharma, 2021.
H <sub>02</sub> : There is no significant positive relationship between Domestic Investment (DI) and FDI inflow in Nigeria.	-5.707	0.02	The coefficient of DI to FDI is negative but statistically significant (0.02) at 0.05 percent.	This study align with the report of OECD, 2020
H <sub>03</sub> : There is no significant positive relationship between Human Capital Index and FDI inflow in Nigeria.	-0.758	0.4	The coefficient of HCI is negative and statistically not significant (p-value is 0.4). That is with every one increase of Covid-19 there will be 75% decrease in Human capital development which comprises of education, nutrition and health in Nigeria.	This study also confirm the work of Sergundo and Armijos, 2020, Tu Ho & Gan,2021
H <sub>4</sub> : There is no significant positive relationship between Finance Development and FDI inflow in Nigeria.	-1.816	0.7	The coefficient of FD to FDI is also negative and statistically not significant (0.7).A one percent increase of Covid-19 will lead to a reduction of 70% credit to private sector by the financial institution in Nigeria.	The study confirms the findings of Mogro & Armijos, 2020
H <sub>05</sub> : There is no significant positive relationship between Total Export/Import and FDI inflow in Nigeria.	3.074	0.02	The coefficient of export and import in the time of Covid-19 is positive and statistically significant (p-value =0.02) at 0.05 level.	It confirms the findings of Balchin, 2020; Sharma, 2021 and Alfaro, 2016, while disconfirming the work of Mistura & Roulet, 2021.

Source: compiled by the Author (2022)

### **Comparing Pre-Covid-19 (2010-2018) and During the Pandemic (2019-2021)**

This analysis forms the gap of the study as stated earlier in the study by comparing pre-Covid-19 (2010 to 2018) and during the Covid-19 pandemic (2019 to 2021). Table 6 and 7 are the basis of the comparison with regards to their coefficients and p-value and the analysis is shown in table 9.

**Table 9**  
**Comparison of Effect of Pre-Covid-19 and During Covid-19 on FDI inflows in Nigeria**

Variables	Coefficients		p-value/Sig		Comparative Analysis of Pre and During Covid-19 Pandemic.
	2010-2018	2019-2021	2010-2018	2019-2021	
<b>GDP</b>	2.520	0.202	0.1	0.7	Comparing pre-pandemic and during pandemic GDP impact on FDI in Nigeria. The pre-pandemic has coefficients of 2.520 and during the pandemic has 0.202 which signifies that during covid-19 pandemic economic and production activities in Nigeria is at the lowest. GDP is significant pre-Covid-19 at 10% while not significant (0.7) during the pandemic.
<b>Domestic Investment (DI)</b>	12.80	-5.707	0.2	0.02	Domestic investments slow down during the pandemic especially in providing critical infrastructure as revealed by their coefficients. Pre-Covid-19 the coefficient was positive (12.80) and statistically not significant (0.2). The coefficient during pandemic is negative (-5.707) but statistically significant at 5% level.
<b>Human Capital Index (HCI)</b>	-17.135	-0.758	0.8	0.4	The human capital development reveals negative coefficients in both pre and during-pandemic by a wider margin during the period under review by almost 10 percentage point. Both were

					statistically not significant.
<b>Finance Development (FD)</b>	-22.79	-1.816	0.1	0.7	Finance development which reveals the extent of credit lending to private sectors decreases by almost 90 percent when comparing pre and during Covid-19 period. It is found to be statistically significant pre-pandemic at 1% level while statistically not significant during the pandemic (p-value = 0.7)
<b>Total Export and Import (EXIM)</b>	-5.078	3.074	0.2	0.02	The total export and import in the country surprisingly increase during the Covid-19 going by their coefficients of -5.078 and 3.074 respectively. The results show that pre-pandemic is not significant (0.2) but during the pandemic it is statistically significant at 5% level (p-value = 0.02).

Source: compiled by the Author (2022).

## 5. CONCLUSION

The study analyses the effect of Covid-19 and FDI inflows to Nigeria within two periods; pre-pandemic (2010-2018) and during pandemic (2019 to 2021) respectively by making a comparative analysis of the two periods under review. The results finding reveals that Covid-19 did records significant effect on the determinants of FDI in Nigeria with regards to inflows. The effect of Covid-19 on GDP is enormous as levels of economic activities in the country were significantly affected. Domestic investment in terms of providing critical infrastructure was also badly affected as a result of the pandemic. Credit to private sectors by financial institution also nosedived significantly, making federal government to resort to bail-out of some private organization from going bankrupt. The human development was largely affected by the pandemic because schooling, nutrition and health of the citizenry were badly affected leading to low ranking in HCI of the World Bank within the period under review.

In conclusion, despite the recovery efforts by the Nigerian government, a return to pre-pandemic levels of inward FDI is unlikely to happen in the coming years as the “road to FDI recovery will be difficult, owing to slow economic growth”, couple



with the constraints of the pandemic limiting fast diversification as well as economic instability recorded in the country and socio-political upheavals in some parts of the country.

## **6. RECOMMENDATIONS**

Based on the conclusion above the study recommends the following:

To recover post-Covid-19, the world and developing countries in particular like Nigeria will require a significant influx of resources in form of FDI inflows. Against this backdrop, the Nigerian government will need to put incentives in place to help attract and retain productive investments, and more importantly, to maximize their development needs.

The Nigerian government needs to be more pro-active in dealing with future pandemic as Covid-19 has dealt a severe blow to our economic activities and recovery by putting a severe strain to the country's health facilities.

To return to pre-Covid-19 pandemic period, good policies and strategies need to be put in place to deal with issues of education in terms of schooling by putting more critical infrastructures like e-learning to our primary, secondary and higher institutions.

It is the opinion of the researchers that a study on comparative analysis of ECOWAS regional block can be undertaken in order to ascertain the magnitude of the effect of Covid-19 pandemic on their respective economies on FDI inflows and how ECOWAS fare better with the other African regional blocks.

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