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Review of the doctoral dissertation of Mr. **Bamituni Etomi Abamu, M.A.,** entitled "*Impact of FDI on the Nigerian economy: negative, positive or mixed effects*"
Supervisor: **Prof. Joanna Pietrzak**, University of Gdansk

The legal basis for the prepared review is the resolution of the Council of the Discipline of Economics and Finance of the University of Gdansk dated 28. July 2022 and the provisions arising from the Act on Scientific Degrees and Academic Title and Degrees and Titles in Art dated 14. March 2003 (Journal of Laws 2017, item 1789), in conjunction with the Act of 30. August 2018. Provisions introducing the Law - Law on higher education and science (Journal of Laws 2018, item 1669, as amended).

In the paper submitted for review, the Author addresses the impact of foreign direct investment (FDI) on the Nigerian economy using a parallel mixed research technique (quantitative-qualitative). The chosen research area has so far been relatively under-researched in Poland, especially in empirical terms.

The OECD attributes FDI with key importance in the context of international economic integration, as a factor in creating stable and sustainable links between economies. They are also an important tool for transferring technology and know-how between countries and economies, contributing to the intensification of international exchanges by facilitating access to foreign markets and supporting economic development. Theoretical considerations and the results of empirical analyses point to the positive impact that FDI has on the economies of host countries, especially when compared with other types of foreign investment, such as portfolio investment, or foreign loans. World Bank statistics show a continuously growing stream of foreign direct investment in recent years. Potentially, foreign direct investment should be of greatest importance to countries with lower levels of economic development, but at the same time, as World Bank statistics indicate, among the nominally largest recipients of foreign investment, economically developed countries (including the United States, Germany, the Netherlands, the United Kingdom) have dominated continuously for years.

Nigeria is undoubtedly one of Africa's most important countries, and for demographic and economic reasons its global importance is growing. With a population of more than 211 million people (2021), Nigeria is the most populous country in Africa and the seventh most populous country in the world. Its population is projected to exceed 400 million by 2050, making it the third most populous country in the world. The median age in the country is just 18.4 years. The young population is a potential asset for economic development, as a significant source of human capital, unleashing entrepreneurial energy, with a thriving informal sector and a growing number of startups in technology and creative industries driving innovation and economic growth. Nigeria's economy in terms of nominal GDP value ranks first in Africa and 27th in the world. The country ranks among the newly industrialized countries and is considered one of the economies of the so-called "next eleven"[1] . The country is rich in natural resources. Nigeria is Africa's largest oil producer and the world's 12th largest oil producer. It accounts for about 70% of Nigeria's total exports and 90% of its foreign exchange earnings, making it a key player in the global oil market. The country also has huge agricultural potential, with fertile land and a favorable climate for a wide range of crops. Agriculture accounts for about 23% of Nigeria's GDP and provides employment for more than 60% of the population. Nigeria is a strategically important country in the sub-Saharan and West African region, with access to the Atlantic Ocean. A key player in regional trade and a potential hub for international trade and investment in the region, it is also a regional political power, a member of the United Nations, the Commonwealth of Nations and the African Union, the Economic Community of West African States (ECOWAS) and other international organizations playing an active role in promoting peace and stability in Africa and negotiating issues such as climate change and global trade. Politically, Nigeria is also an important reference point for countries in the region, as one of the few functioning democracies in Africa - as evidenced (despite reservations) by the recent presidential elections.

Thus, it is a very important country with a huge population and economic potential, which, however, remains largely untapped, as evidenced, for example, by the level of unit GDP, which in 2022 stood at $5884 per capita (141st in the world), placing Nigeria in the group of upper middle income countries according to the World Bank classification[2] . It is also a country that faces a number of structural challenges arising first of all from its spatial vastness (over 900,000 km^2 - the 32nd largest country in the world by spatial criterion) and the consequent low development of technical infrastructure (road, rail and transmission), hindering mobility and negatively affecting the development of social infrastructure and economic activity. The country's relative heterogeneity in terms of ethnicity (250 groups), language (more than 500 languages spoken) and religion also remains a challenge, generating conflicts, particularly over the latter factor. Uneven population density leads to the formation of giant conurbations, ranked globally among the largest human habitats (e.g., Lagos, with a population of more than 25 million) affected by numerous structural problems inherent in giant cities, while leaving wide swaths of the country effectively uninhabited.

The countries of the so-called global South, due to their demographic potential and largely untapped economic potential, will play an increasingly important role in the world economy in the years to come. At the same time, this is also the region most affected by the consequences of climate change, so it is becoming a pressing issue to make an effort to support the economies of these countries and enable their development and transformation towards modernization, reliance on new technologies and production techniques, allowing them to move away from fossil fuel-based energy to renewable energy, develop economic activity, increase the level of education and develop infrastructure and social services. For the countries of the so-called global North (which also include Poland), supporting and facilitating the economic development of the countries of the South has, in addition to the economic and ethical dimensions, also a practical significance.

From this perspective, the dissertation topic undertaken by Mr. ***Bamituni Etomi Abamu, M.A.,*** can be considered very relevant and universal, as a contribution to understanding a selected element of the economic processes taking place in one of the most important countries of the growing global region. The selected subject area of the qualitative analysis on the agribusiness sector in Nigeria can be considered interesting and important, as indicated by OECD and World Bank data placing this industrial sector among the top industries in which foreign investors related to foreign direct investment are active. According to the data, the main industries in which foreign investors are active include the manufacturing sector, retail and wholesale trade, the financial and insurance sector, professional scientific and technical activities and precisely the agribusiness sector. Thus, a large number of permanent foreign investments are concentrated in this sector. From this perspective, the topic undertaken in the dissertation can be considered interesting and relevant, and contributing to closing the research gap.

The reviewed dissertation runs to 241 pages. It is equipped with charts, diagrams and tables. It contains 35 figures and 16 tables in the text, a number of diagrams and tables in the appendices, and a bibliography of more than 200 monographs and scientific articles, in English. The placement of the figures, diagrams and tables can be considered correct, although at the same time the editorial side of some tables may raise concerns (e.g., Table 7 on page 129, where there is no information in what units the presented variables are expressed, Table 11 on page 147, shifted excessively to the right, and all the result tables presenting the results of estimation of regression models and statistical tests, which give the impression of raw snapshots from statistical software not subjected to editing, aggregation and selection of the presented content).

The final section of the dissertation (pages 214 to 220) occupies the conclusion, which also includes the conclusions of the empirical analysis performed. In it, the Author recapitulates the course of the analytical process in the dissertation, beginning by specifying the research problem, then describing the elements of the conducted literature discussion on the importance of foreign direct investment. He proceeds subsequently to characterize the assumptions and results of the empirical part, relating them to the research assumptions formulated at the beginning of the dissertation. In doing so, he indicates their full positive verification. This way of presenting the key results of the dissertation should be evaluated positively, as it allows one to quickly and synthetically get acquainted with the scope of information on the basis of which the research results are formulated. The dissertation was prepared with an apparent high level of effort.

The dissertation formulates the research objectives. The overall objective of the reviewed dissertation is to verify the impact of FDI on the economy of the host country using the example of Nigeria as a developing country whose economic development may benefit from it. Four specific objectives are derived from the general objective. These include: to study the impact of FDI on Nigeria's GDP, to determine the relationship between the level of FDI and the volume of exports in the country, and to analyze the relationship between FDI and local economic entities in the country, as well as to identify the indirect effects of FDI's impact on local firms in the country. The research questions considered in the paper relate to the aforementioned specific objectives and concern the relationship between FDI and Nigeria's GDP and export volume, as well as the impact of direct investment on the health of local economic entities, particularly in the context of the relationship between the presence of multinationals and the activities of local entities in the market and the benefits they derive from this presence. Thus, the Author departed from the classic formulation of theses or research hypotheses (main and auxiliary).

The scope and overall design of the dissertation was determined by its main objective and specific goals. The structure of the dissertation is elaborate and includes six substantive chapters, preceded by an introduction and followed by a summary, containing conclusions resulting from the empirical and theoretical analyses carried out. The technical segment of the work is also extensive and rich, including lists of literature sources used in the work, as well as lists of illustrations and tables that build the iconographic layer of the dissertation. Noteworthy in a positive context is the inclusion at the beginning of the dissertation of a rich and detailed index of abbreviations used in the work, making it easier to navigate the document.

The order and arrangement of substantive chapters is subordinated to the bottom-up paradigm adopted by the Author for solving the research problem posed. In the structure of the work, two coherent thematic blocks can be identified, comprising a part devoted to theoretical considerations (Chapters 1-2) and an empirical part (Chapters 3-5), in which the results of the conducted research are developed and discussed. The introduction presents the motivation behind the chosen research problem, its relevance to the discipline in which the work is placed, and its originality as well as presents the research objectives, recapitulates the research questions, and presents the research techniques that were used to solve the formulated research problems.

Chapters one and two form the core of the theoretical segment of the work. Chapter one describes the theoretical foundations of international exchange and foreign direct investment. The Author moves with great ease in the matter of the theories of international trade, presenting them in a chronological convention beginning with mercantilism, through classical, modern and new theories of international trade. A separate subsection is devoted to a discussion of theories describing the essence of foreign direct investment. In his discussion, the Author refers to the works of leading economists, authors of theories relating to internationalization, the production cycle, the theory of oligopolistic economy or the theory of monetary value. In the last part of the chapter, the Author also refers to the theoretical aspects related to the process of globalization, particularly with regard to the importance of multinational corporations and international organizations.

In the second chapter, the Author presents the theoretical basis behind the process of development and growth of global foreign direct investment. In a wide-ranging discussion, the Author characterizes the various types of foreign direct investment (horizontal, vertical or portfolio in nature) and incentives of different nature (financial, fiscal or regulatory) used by countries aimed at increasing the volume of direct investment received. In the chapter, the Author also attempts to assess the impact of realized foreign direct investment on macroeconomic ratios, particularly in the context of the effect exerted on productivity, employment, the wage size in the economy, and the overall impact exerted on the level of gross domestic product worked out by the state. The chapter also attempts to assess the interrelationship between economic international exchanges and foreign direct investment, and the impact in the form of direct *linkages* and indirect *spillovers* that foreign direct investment exerts on economic agents in the host country.

The third chapter can be considered as a link between the two theoretical chapters describing the fundamentals of international exchange and foreign direct investment issues and the empirical part of the dissertation. The Author characterizes there the Nigerian economy in the context of its economically and institutionally conditioned ability to absorb foreign direct investment. In particular, the economic data of the Nigerian economy in recent years, the institutions responsible for promoting the economy and raising the country's attractiveness to foreign investors, as well as the challenges associated with the ability to increase the volume of foreign investment, resulting primarily from structural problems conditioned by security factors, the legal and institutional environment, as well as corruption and other factors that reduce the security of economic circulation and the certainty of recovery or return of invested funds, are presented.

Chapter four presents the analytical methodology used to answer the research questions posed and to verify the adopted research hypotheses. The chapter also presents the objectives and object of the study and presents the adopted analytical paradigm in the form of a mixed method including a quantitative approach, intended to provide results on the relationship between the nominal level of foreign direct investment and data on the volume of GDP and exports of the country, and a qualitative approach, in which information obtained in interviews conducted with local entrepreneurs participating in cooperation with foreign investors was used to assess the impact of this instrument on economic activity, particularly in the context of secondary (indirect) effects, i.e. penetration of experience and retention of acquired know-how to other entities in the sector, thereby raising the overall level of awareness, development and technological sophistication.

The fifth and sixth chapters are devoted to the presentation of the results of the quantitative and qualitative study and the formulation of conclusions and recommendations arising from the results. The final section of the work includes extended conclusions, findings and recommendations regarding, in particular, the recommendations made by the Author to the country's public authorities regarding potential measures that can or should be taken to actively promote and strengthen international ties. In particular, the Author points to the need to reduce information asymmetries and the importance of increasing the transparency of economic activities as a potential tool to increase Nigeria's attractiveness as a foreign investment receiving country. In this context, for example, measures are mentioned to create databases of local companies with a description of their business profile, the organization of exhibitions, conferences, trade fairs and economic missions that allow linking foreign and local entities and the potential initiation of cooperation. The need to strengthen the potential for absorption of foreign investment by local entities is also indicated as an important factor.

The paper is an interesting theoretical and empirical study describing the determinants of foreign direct investment in Nigeria, with a particular focus on the agribusiness sector. In the empirical part, the Author used quantitative-qualitative techniques to confirm the research assumptions formulated at the beginning of the work. The most important part and element of the work having the character of the Author's own contribution to the discipline of economics and finance can be considered the qualitative study conducted, in which, on the basis of in-depth interviews in fifteen business entities - agribusiness enterprises operating in Nigeria, benefiting from the effects of foreign direct investment, he attempts to capture the determinants of undertaking investments by foreign capital, as well as to assess the sustainability of these investments and the secondary effects resulting from the fact of involvement of a foreign investor.

The undoubted merit of the reviewed work is that it takes a different perspective from typical analyses. Most empirical analyses focus on the activities, motives and benefits of multinational corporations undertaking direct investment, while few studies attempt to evaluate foreign direct investment from the perspective of the host economy, particularly the direct and indirect effects that investment has on the economy and the economic agents within it.

The Author points out a paradox related to the fact that foreign direct investment carried out in Nigeria has little relationship with the level of GDP recorded in the country, while at the same time there is a significant relationship between direct investment and the level of exports. As the Author points out, an important reason for this situation is the economic structure of Nigeria, in which most of the Gross Domestic Product is generated by the hydrocarbon (oil and gas) extraction sector. In order to prove this thesis, he conducts a quantitative study in which he compares data on the nominal volume of foreign direct investment in Nigeria until 2019 with a number of macroeconomic variables describing, among others, the volume of nominal GDP, the volume of exports, the level of employment, etc. The quantitative analysis is complemented by a qualitative analysis including in-depth interviews with representatives of 15 local agribusiness companies, the conclusions of which indicate the positive impact of foreign direct investment on the productivity of the participating entities on the host country side. In particular, the Author points to tangible direct benefits for entities involved in international cooperation, expressed in an increase in the quality of manufactured products, an increase in sales performance and improved productivity. In addition, direct benefits resulting from the presence of foreign capital in the sector, felt by local entities directly involved in cooperation, are complemented by indirect benefits (*spillover effects*) resulting from the transfer of experience and know-how of entities involved in international cooperation to the rest of the sector and thus contributing to the improvement of its overall situation.

The evaluation of a doctoral dissertation should, in accordance with statutory regulations, refer to verification of the belonging of the dissertation topic to the declared scientific field, confirmation of the correspondence of the title and content of the dissertation, identification of the research problem constituting the content of the dissertation and confirmation that the concept adopted indicates the scientific nature of the solution to the research problem posed, as well as verification that the dissertation demonstrates the Author's acquisition of general theoretical knowledge in the scientific field.

The question of the belonging of the subject matter of the dissertation to the declared field of economics and finance and the compatibility of the title and content of the dissertation can be confirmed without any doubt. The subject of foreign direct investment and the measurement of its impact on the economic characteristics of the host country is part of the broader sub-discipline of finance, and the issue mentioned in the title is the subject of the dissertation's research and analysis. Admittedly, it may be noted that, contrary to the reference to Nigeria's economy in the title, the qualitative study (in-depth interviews) is concerned only with a selected branch of the country's economy - agribusiness. The relationship between the level of FDI and selected macroeconomic indicators of the country and the situation of business entities can be considered a legitimate research problem, and its solution in the form of the Author's quantitative-qualitative model based on an extensive data set collected with a series of analytical tools is scientific. The way the research problem is posed and solved, proves that the Author possessed general theoretical knowledge in economics and finance.

With regard to more detailed evaluations of selected elements of the dissertation, one can positively assess the structure of the work and the logical sequence of chapters, allowing the use of an inductive research technique, appropriate for empirical works. At the same time, a shortcoming is a certain disproportion between the level of the qualitative and quantitative parts of the study. In the quantitative part, the Author used the basic technique of multiple regression and correlation analysis using Pearson correlation coefficients. He used the technique of multiple regression, in order to capture and prove the relationship and correlation between the level of foreign direct investment in Nigeria and selected variables of a macroeconomic nature, describing the level of economic development of the country in the years before 2019. The coefficients of determination for the selected regression models are relatively low, indicating a low level of model fit to the data. In the context of the quantitative techniques used, it should be noted that the Author used a one-dimensional cross-sectional linear multivariate regression tool, without taking into account the time effect. In fact, the data he analyzed is more in the nature of panel data, i.e. the individual observations are not independent of each other over time, but rather there is a causal relationship between them, i.e. the next level of the observed variable is conditioned by the level of the preceding observation (from the previous period). It seems that a way to overcome the problem of low fit coefficients for individual models could be to test alternative functional forms i.e. to take into account an additional time dimension. In this context, one can point to *fixed-effects* and *random-effects models* as potentially possible alternatives for the formulation of a causal relationship model. In addition, the purpose of such an analysis remains an important issue. If the goal is only to determine the predictive ability of the data then the simple linear functional form can be considered reasonable. However, if causation is also being investigated, one would have to ask about the possibility of using an alternative formulation and form of the model, e.g. causality models in the Granger sense or vector-autoregressive (VAR) models. This would make it possible to determine the actual relationship between the explanatory and explanatory variables. As mentioned, the data analyzed are multivariate in nature, i.e. they are some combination of cross-sectional data and time series.

When evaluating the empirical part, it should also be recalled that the typical sequence of activities within the scientific text should include the formulation of the research problem and the presentation, on the basis of a discussion of the literature, of the previous scientific achievements in the analyzed area, as well as the embedding of one's own research in the relevant research stream, by referring to the theory and, in the case of empirical analysis, also classifying and indicating the place of one's own approach in the existing research instrumentarium, along with the identification of the so-called contribution to science, i.e. elements that expand the current cognitive horizon. Thus, it would be reasonable to systematically relate one's own model to the existing research approaches present in the literature on the subject, to indicate to which of the functioning groups of models it can be classified, and to what extent it represents an extension of the existing body of knowledge. The reviewed dissertation lacks reference of the proposed Author's model to other approaches and related models. One gets the impression that this is the first attempt to conduct analyses of this kind for Nigerian data. A cursory literature review reveals a number of studies addressing the relationship between the level and intensity of foreign direct investment and economic activity in the country, as expressed by the GDP measure[3]. They come from different time periods, use different data sets and implement a variety of econometric estimation techniques, among others. error correction method (individual and vector), multiple regression (from the simplest linear form of least squares regression through estimation and use of panel data) also alternative specifications in the form of sham regression, autoregressive models, including vector autoregressive models (classical and structural), causality models in the Granger sense, and other estimation techniques, including nonlinear techniques. The results and their interpretation depend to some extent on the assumptions made and, in particular, the time window used. According to the results obtained, the impact of foreign direct investment on the level of production in the country can be described as positive but insignificant, indicating that foreign direct investment has little impact on the volume of gross domestic product generated in the country. In particular, it is pointed out that despite the country's significant economic and population potential, the share of foreign direct investment realized in the country in the global amount of FDI is insignificant, despite the efforts made in this regard. The World Bank's data on the level of direct investment in Nigeria in terms of nominal amounts coming into the country (*net inflows*) indicate that it is characterized by significant volatility. Statistics conducted since the early 1970s show a phase of moderate growth and stability in investment until the end of the 20th century, and a sharp increase in the amount invested in the country since the beginning of the 21st century, which reached its peak in 2009 and 2011 at nearly $9 billion. At the same time, there has been a sharp decline in the value of foreign direct investment in Nigeria since 2011, to a level of only about $800 million in 2018, with a rebound to just under $3.5 billion in 2021 (the last year statistics are available). Also characteristic is the relatively small value of foreign direct investment as a percentage of the country's GDP, reaching about 0.75% between 2012 and 2021, significantly lower than the average value for the region in which the country is located (East and Central Africa - more than 2% over the same period).

Foreign direct investment in Nigeria, therefore, is characterized by significant fluctuations, which is also indicated by the chart included in the paper. However, the Author did not explain the reasons for this volatility in a detailed and systematic way, pointing only indirectly when characterizing the results of the qualitative study to problems related, for example, to entrepreneurs' concealment of the fact of cooperation with a foreign partner, reluctance to give interviews, for fear of actions, taken by employees of tax institutions, potentially negatively affecting the stability of his business. Thus, this may be indicative of institutional problems associated with the activities of foreign investors, related, for example, to institutional weakness, the level of corruption, etc. Empirical studies indicate that these factors are one of the elements potentially stimulating or deterring foreign investors' interest in entering a country.

The above-mentioned reservations do not affect the general conclusion that the author has proven the ability to construct a scientific text. The objectives of the dissertation, as defined in the introduction, have been achieved. The dissertation contains an original solution to a scientific problem, while the Author demonstrates adequate knowledge of the literature in the field covered by the subject of the work and proves the ability to conduct independent scientific work. The results obtained in the dissertation have a potentially high utilitarian value and contribute to closing the research gap.

In summary, I conclude that the doctoral dissertation *of* Mr. **Bamituni Etomi Abamu**, **M.A.,** entitled "*Impact of FDI on the Nigerian economy: negative, positive or mixed effects*", prepared under the supervision of **Prof. Joanna Pietrzak**, University of Gdansk, constitutes an original solution of a scientific problem, proves the Author's general knowledge in the field of economic sciences and in related disciplines, and confirms the ability to conduct an independent scientific work. Therefore, it meets the statutory requirements. I request that this dissertation be referred to the further stages of the proceedings for the award of the doctoral degree.

Marcin Gospodarowicz

[1] The *Next Eleven* (*N-11*) - Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey and Vietnam - identified by Goldman Sachs as having great potential to become the world's largest economies in the 21st century.

[2] According to the World Bank classification (https://blogs.worldbank.org/opendata/new-world-bank-country-classifications-income-level-2021-2022), the criterion for assigning countries to a particular income class is the level of unit national income, expressed in U.S. dollars, defined as the total domestic and foreign output produced by a country's residents, consisting of gross domestic product (GDP) and factor income earned by foreign residents, adjusted for income earned in the domestic economy by non-residents. The ranges of values for each category are 0 - 1,046 for low income, 1,046 - 4,095 for lower middle income, 4,095 - 12,695 for upper middle income and above 12,695 for high income

[3] e.g. Akinlo, A. Enisan. "Foreign direct investment and growth in Nigeria: An empirical investigation." Journal of Policy modeling 26.5 (2004): 627-639. adegbite, Esther O., and Folorunso S. Ayadi. "The role of foreign direct investment in economic development: A study of Nigeria." World Journal of Entrepreneurship, Management and Sustainable Development 6.1/2 (2011): 133-147. Omisakin, Olusegun, Oluwatosin Adeniyi, and Ayoola Omojolaibi. "Foreign direct investment, trade openness and growth in Nigeria." Journal of Economic Theory 3.2 (2009): 13-18.