

Original Research Article

Effects of Insecurity and Governance Quality on Economic Growth in Nigeria

Imene, Tega^{1*}, Obi, Kidochukwu Callistar¹

¹ Department of Economics, Delta State University, Abraka, Nigeria.

Correspondence should be addressed to Imene Tega: imenetega15@gmail.com

Article No: 006 | Accepted: 08 September 2026 | Published: 10 October 2026

Abstract: This study examined the effects of insecurity and governance on economic growth in Nigeria over the period 2002–2024. The study focused on terrorism incidence, terrorism injuries, terrorism fatalities, military expenditure and political instability as explanatory variables, while GDP represented economic growth. Domestic investment, FDI, domestic credit, interest rate and globalization index were introduced as control variables in the three models. Annual time-series data were analysed using the Autoregressive Distributed Lag (ARDL) framework, with terrorism incidence, injuries and fatalities estimated in separate models to avoid multicollinearity and capture their distinct economic effects. The findings reveal that terrorism incidence significantly reduces economic growth in both the short and long run, confirming its persistent disruptive effect on productive activities and investment. Terrorism injuries exert a negative but insignificant effect in both periods, while terrorism fatalities significantly reduce growth in the short run but become insignificant in the long run. Military expenditure has a positive short-run effect but no significant long-run contribution to growth, suggesting that security spending alone does not guarantee sustained economic performance. Political instability significantly constrains short-run growth across the models, although its long-run effect is model-dependent. Domestic investment and domestic credit generally promote growth, whereas foreign direct investment exhibits a predominantly negative effect. The study concludes that Nigeria's growth challenge is closely linked to persistent insecurity and governance weaknesses. It recommends an integrated security–development strategy combining effective counter-terrorism measures, political stability, institutional strengthening, productive security expenditure, domestic investment and improved developmental linkages from foreign investment.

Keywords: Terrorism; Political Instability; Military Expenditure; Economic Growth; Governance; Nigeria; ARDL.

JEL Classification: C22; E02; F43; H56; O47.

1. INTRODUCTION

Historically, the nature and intensity of insecurity have changed across periods, with measurable impacts on economic performance indicators such as GDP, government expenditure, and investment flows. In the early post-independence period (1960–1980), Nigeria experienced relative economic expansion, largely driven by oil revenues (Adeoye, 2022). During the oil boom of the 1970s, GDP per capita rose significantly, reaching approximately \$2,100 by the early 1980s. However, this period was also marked by political instability, including military coups and the Nigerian Civil War (1967–1970), which disrupted economic activities and institutional development (Ali, 2023). The economic crisis of the 1980s and 1990s marked a turning point, and with the introduction of the Structural Adjustment Programme (SAP) in 1986, Nigeria experienced declining economic performance (Adewale, 2026). GDP per capita fell sharply from over \$2,000 in 1980 to below \$1,200 by the mid-1990s, reflecting worsening living standards (Chuku, Abang & Isip, 2019). This period also saw a rise in urban crime, including armed robbery and social unrest, as unemployment and poverty increased (Osawe, 2015).

With the return to democratic governance in 1999, Nigeria witnessed improvements in political stability; however, new forms of insecurity began to emerge. In the early 2000s, militancy in the Niger Delta significantly disrupted oil production, which accounts for over 80% of government revenue and foreign exchange earnings (Effiong et al., 2022). This period also marked the beginning of increased government spending on security, which rose from 0.6% of GDP in 2000 to 2.0% in 2023 (CBN, 2024).

The most significant escalation in insecurity occurred after 2009 with the emergence of Boko Haram insurgency (Odebola, 2019; Nnam, Ugwuoke, Njemanze and Akwara, 2020). According to the Global Terrorism Index rating for the year 2016, Nigeria's terrorism score increased dramatically, reaching values above 8.0 (on a scale of 0–10) between 2014 and 2016, placing Nigeria among the most terrorism-affected countries globally (Institute for Economics & Peace, 2016). During this period, the country recorded thousands of terrorism-related deaths annually, with some estimates exceeding 20,000 cumulative fatalities over the peak years of insurgency (Odebola, 2019; Nnam et al., 2020). This rise in terrorism had severe economic consequences. Nigeria's GDP growth rate, which averaged over 6% annually between 2000 and 2014, declined sharply, leading to an economic recession in 2016 with a growth rate of approximately –1.6% (CBN, 2024). Similarly, CBN (2024) reported that GDP per capita stagnated and declined, falling to around \$2,000 and below in recent years, reflecting reduced economic welfare.

World Bank (2025) statistics show that economic growth in Nigeria has exhibited significant fluctuations over time, reflecting the combined influence of macroeconomic conditions, governance quality, and security challenges. Although Nigeria recorded periods of economic expansion, particularly during the oil boom era and the democratic period after 1999, the gains from growth have not been consistently translated into development outcomes (Aluko, Odewale, & Taiwo, 2024). World Bank (2025) reported that GDP per

capita increased from US\$556.38 in 1990 to US\$3,088.72 in 2014, indicating substantial growth in national income. However, this progress proved difficult to sustain, as GDP per capita declined to US\$2,070.41 in 2016 during the recession associated with falling oil prices and heightened insecurity, before falling further to US\$1,084.16 in 2024 (World Bank, 2025). These fluctuations suggest that economic growth in Nigeria has remained vulnerable to external shocks, structural weaknesses, and security-related disruptions.

In response to escalating insecurity, government military expenditure increased substantially. For instance, Nigeria's military expenditure has been estimated at approximately 0.5% to 1% of GDP as of 2024, with higher allocations during peak insurgency periods (Akadiri, Olasehinde-Williams & Haouas, 2026). Despite increased military spending, insecurity has persisted and even diversified. In recent years, Nigeria has experienced rising levels of banditry, kidnapping, and farmer–herder conflicts, particularly in the North-West and North-Central regions (Ojewale, 2024). Institutional factors such as governance quality and political stability have also remained weak. Nigeria's political instability index remained consistently negative throughout the study period, ranging from -1.85 in 1990 to -2.20 in 2016 and -1.8 in 2024, indicating a persistent risk of political unrest and violence. Similarly, the governance quality index remained weak, fluctuating between -1.28 and -0.85 during the same period (World Bank, 2025).

Consequently, Nigeria's historical experience demonstrates that rising insecurity, captured through, terrorism incidence, terrorism fatalities, terrorism injuries, political instability (governance), and military expenditure has posed a major challenge to achieving economic growth. Weak governance may not only exacerbate insecurity but also undermine long-term economic growth by reducing investor confidence, limiting productive investment, and constraining the effective implementation of growth policies. This interaction between insecurity, governance and economic growth underscores the need for a comprehensive empirical investigation of their relationships in Nigeria.

Statement of the Problem

Despite Nigeria's abundant natural resources and human capital, the country continues to face persistent challenges in achieving sustained economic growth (World Bank, 2025). One of the most pressing challenges is rising insecurity, which has escalated over the past two decades in the forms of terrorism, kidnapping, banditry, communal conflicts, and insurgency (Obi, 2015; Yusuf & Mohd, 2022). Data from the Institute for Economics and Peace (2025) indicate that Nigeria's terrorism score surged from below 4.0 in 2009 to over 8.0 by 2015, placing it among the most terrorism-affected countries globally. Similarly, violent incidents across Nigeria have steadily increased, with conflict-related fatalities exceeding 10,000 annually in peak years between 2014 and 2022 (Wang, Gao & Liu, 2024). Military expenditure, intended to mitigate insecurity, rose from 0.6% of GDP in 2000 to 2.0% in 2023, yet insecurity persists, suggesting that current measures may be insufficient or misaligned with the underlying drivers of instability (Yusuf & Mohd, 2022; Effiong et al., 2022).

The uncertainty surrounding the precise relationship between insecurity and economic growth complicates policy formulation. While it is widely acknowledged that rising insecurity negatively affects economic performance by reducing investor confidence, disrupting business activities, and diverting resources from developmental projects, recent studies have pointed out that the exact magnitude, timing, and mechanisms of this impact remain unclear (Ezeala & Nzewi, 2022; Nnam, Ugwuoke, & Njemanze, 2020; Yusuf & Mohd, 2022). GDP per capita, which peaked at about US\$3,089 in 2014, declined to US\$2,070 in 2016 and subsequently fluctuated before falling to approximately US\$1,084 in 2024, suggesting that the economic costs of insecurity and broader macroeconomic challenges have continued to constrain improvements in economic growth (World Bank, 2025). Thus, the need for research arises from the necessity to ascertain the effect of these insecurity indices on Nigeria's economic growth. Without a rigorous understanding of, terrorism fatalities, terrorism incidence, terrorism injuries, political instability (governance), and military expenditure jointly influence economic outcomes, policymakers risk implementing reactive measures that may fail to secure economic growth.

Again, recent studies have documented the adverse effects of insecurity on investment, agricultural productivity, human capital development, and overall economic performance (Umar & Ahmed, 2023; Adebayo & Olayemi, 2024; Salisu et al., 2022; Okafor & Eze, 2023). However, limited attention has been devoted to the role of insecurity and governance quality on the economic growth nexus, despite growing evidence that governance indicators such as political stability influence both security outcomes and economic growth (Lawal & Victor, 2023; Ibrahim et al., 2024). Consequently, the extent to which the quality of governance can mitigate the adverse effects of insecurity on economic growth remains insufficiently explored in the Nigerian context. This gap in the literature necessitates an empirical investigation into the relationship between insecurity, governance quality and economic growth in Nigeria.

Furthermore, while insecurity has escalated in recent years in Nigeria, the literature addressing its direct and indirect impacts on economic growth is sparse. The limited studies available often focus on either economic growth or security challenges in isolation, neglecting the complex interplay between insecurity, governance quality and economic growth (Omede & Onwe, 2020; Adeyemi & Adebajo, 2019; Udeh & Chukwuma, 2021; Nwaogwugwu & Eze, 2018; Okeke & Ibekwe, 2022). This paucity of comprehensive empirical studies in Nigeria creates a knowledge gap that hinders policymakers and development practitioners from designing evidence-based strategies to mitigate insecurity's adverse effects on economic growth. Consequently, there is an urgent need for more integrated research that examines how insecurity and governance affect economic growth.

Objectives of the study

The main objective of this study is to ascertain the effects of insecurity and governance quality on economic growth in Nigeria. The specific objectives are to:

1. ascertain the effect of terrorism incidences on economic growth in Nigeria;
2. determine the effect of terrorism injuries on economic growth in Nigeria;

3. investigate the effect of terrorism fatalities on economic growth in Nigeria;
4. analyze the effect of military expenditure on economic growth in Nigeria;
5. ascertain the effect of governance (political stability) on economic growth in Nigeria.

2. LITERATURE REVIEW

According to Hough (2016), insecurity can be defined as “a state in which individuals, communities, or nations perceive a significant risk to their physical well-being, property, or social order due to threats such as violence, terrorism, or political instability.” This definition highlights two critical aspects of insecurity: the subjective perception of risk and the objective existence of threats. The subjective dimension acknowledges that even in the absence of direct harm, the anticipation of risk such as fear of crime or political unrest can significantly influence human behavior, social interactions, and economic activities. Expanding on the structural aspect, Rotberg (2004) conceptualizes insecurity as “the condition arising when the fundamental institutions and social arrangements of a society fail to provide protection, law, and order, leaving citizens vulnerable to harm and unable to pursue normal economic and social activities.” This definition situates insecurity within the context of governance and institutional capacity, suggesting that insecurity is not merely a consequence of isolated criminal acts or political violence but often results from systemic failures.

A more serious form of insecurity acknowledged in this research is terrorism. Terrorism refers to the deliberate use or threat of violence against civilians or other non-combatants to create fear and intimidate a population or compel a government or organisation to pursue particular political, ideological, or religious objectives (United Nations Office on Drugs and Crime [UNODC], 2024). Globally, terrorism is measured an index known as the Global Terrorism Index (GTI). According to the Institute for Economics & Peace (IEP, 2023), the global terrorism index is “a composite measure that quantifies the impact of terrorist violence by combining data on incidents, fatalities, injuries, and the extent of property and infrastructure damage.” This definition emphasizes that terrorism is not measured solely by event counts but by the intensity and human costs of violence. The composite nature of such indexes enables comparisons across regions and time, capturing both changes in the frequency of attacks and the severity of their consequences.

Political instability is another multifaceted concept that refers to the degree of uncertainty and disruption within a political system caused by sudden changes, crises, or the inability of state institutions to maintain effective governance (Kaufmann & Kraay, 2024). It is another form of insecurity indicator that reflects the likelihood of political instability, politically motivated violence, civil unrest, and terrorism (Kaufmann & Kraay, 2024). It also encompasses phenomena such as civil unrest, violent protests, coups, contested elections, government turnover, policy inconsistency, and chronic political disagreements (International IDEA, 2024; Cebotari et al., 2024).

Closely related to these dimensions of insecurity is military expenditure, which represents the financial resources committed by government to maintaining and supporting military forces and activities. According to the Stockholm International Peace Research Institute (SIPRI, 2026), military expenditure encompasses current and capital spending on armed forces, defence ministries, military personnel, operations and maintenance, procurement, military research and development, military infrastructure, and other military activities. Thus, military expenditure can be viewed as an important indicator of the resources allocated by the state to address security threats and strengthen its defence capacity.

Theoretical Framework

This study is anchored on the security–development nexus, which views security and development as mutually reinforcing processes, such that persistent insecurity can undermine development while socioeconomic deprivation can, in turn, intensify insecurity (Rod, 2024; Reinsberg et al., 2024). Insecurity can disrupt productive activities, discourage investment, damage physical and human capital, and divert public resources from development to security responses, thereby constraining economic performance (Reinsberg et al., 2024). In the Nigerian context, terrorism, political instability and related security challenges can therefore weaken the economic and institutional environment necessary for sustained growth, while unemployment, poverty and weak socioeconomic conditions may contribute to the persistence of insecurity (Rod, 2024; Nwachukwu, 2024).

The study further draws on endogenous growth theory to explain the mechanism through which insecurity affects economic growth. The theory holds that long-run growth is influenced by factors generated within the economy, particularly human capital, knowledge, technological advancement, innovation and investment, whose accumulation depends partly on a stable and supportive institutional environment (Aghion et al., 2024). Accordingly, insecurity can constrain growth by reducing investment incentives, disrupting human-capital accumulation, weakening productivity and diverting resources from productive activities, while effective governance can support investment, innovation and economic productivity (Aghion et al., 2024; Nwachukwu, 2024). The combined framework can therefore be expressed as:

$$Y = f(K, L, H, T, S, G) \quad [1]$$

Where: Y represents economic growth, K physical capital, L labour, H human capital, T technology and knowledge, S security conditions, and G governance or institutional quality.

Empirical Review

Empirical studies generally establish an adverse relationship between terrorism and economic growth, although methodological approaches differ. Obi (2015) employed OLS using Nigerian data for 1990–2012 and found that terrorism and insecurity negatively affected economic development, while security expenditure significantly mitigated the adverse effect. Osawe (2015) and Odebola (2019), using descriptive/panel analysis and

OLS respectively, similarly reported that terrorism reduced economic performance and human development. Chukwuma et al. (2019) applied dynamic panel regression to West African countries and found that higher terrorist activity was associated with slower economic growth and increased poverty, while Chuku et al. (2019) showed through panel regression that terrorism increased security expenditure and diverted resources from productive investment. Nnam et al. (2020), using regression and descriptive techniques, further found that terrorism disrupted education and social services, thereby weakening human capital and development.

More recent studies reinforce these findings using more dynamic econometric techniques. Yusuf and Mohd (2022) employed time-series ARDL analysis for Nigeria and found that insecurity adversely affected economic growth, investment and other development outcomes. Effiong et al. (2022) used GMM and reported that terrorism reduced investor confidence and FDI, while Abiodun et al. (2023) similarly found negative effects of terrorism on GDP per capita and FDI. Ali (2023), using time-series regression, also reported a negative association between terrorism and economic performance. More recently, Rotimi et al. (2024) employed a Structural VAR model with data covering 1980–2021 and found that terrorism significantly reduced economic growth, FDI and national fixed investment.

Going further, Aninwagu and Momodu (2025) found that political instability significantly reduces human development, while Hassan and Muhammed-Gani (2025) showed that instability weakens the growth-enhancing effect of public investment. Similarly, OLS and time-series regression studies found significant negative effects of political instability on economic growth and FDI (Dimas, 2025; Osoghoyai & Kalama, 2025; Olaifa, 2025; Ananti et al., 2025). Using interaction models, Dimitraki and Emmanouilidis (2025) further found that political instability reduces economic growth and weakens the effectiveness of military expenditure, while VAR analysis by Okonkwo (2026) showed that instability increases macroeconomic volatility and constrains growth.

The broader governance literature reinforces these findings, although it generally shows that strong institutional quality promotes development. Studies using GMM, panel regression, VECM, and mixed-method approaches found that government effectiveness, regulatory quality, accountability, transparency, and rule of law improve economic and social development, while corruption and weak institutions undermine these gains (Adegbie & Fakile, 2019; Oladipo & Akintoye, 2020; Ezeani et al., 2020; Musa & Adeyemi, 2021; Adebayo et al., 2022; Bello & Usman, 2023; Ifeanyi & Olatunji, 2024).

Further empirical findings on military expenditure and economic growth nexus are more mixed than those concerning terrorism and political instability. Using ARDL, Ajala and Laniran (2021) found that military expenditure negatively and significantly affects growth in the long run, suggesting a crowding-out effect on productive investment. Similarly, Olayiwola and Oloruntuyi (2024), using OLS, reported a significant negative effect on GDP per capita, while Atobatele et al. (2024), using multiple regression, found a negative but insignificant effect. Onyekachi et al. (2024), also using ARDL, reported a

weak and insignificant positive effect. At the regional level, Efayena and Olele (2024), using fixed- and random-effects models, found that military expenditure significantly reduces investment, while Ndidi et al. (2025), using dynamic panel GMM, reported largely negative and heterogeneous effects in West and Central Africa.

More recent literature from Dada et al. (2024) used NARDL and found that military expenditure can have positive short-run effects but negative long-run consequences, while Lawal et al. (2024) used wavelet coherence analysis, and identified both positive and negative relationships across different periods. Gbadebo et al. (2025) similarly reported predominantly negative long-run effects despite possible short-run gains, whereas Akume and Akadiri (2025), using panel estimation, found a positive but insignificant effect. Overall, the literature suggests that military expenditure does not have a uniform effect on economic growth; its contribution depends on its scale, duration, allocation efficiency, institutional quality, and whether security spending complements or crowds out productive investment.

Despite extensive research on insecurity and economic growth, important gaps remain. Existing studies often use shorter periods and examine terrorism, political instability, or military expenditure separately (Obi, 2015; Osawe, 2015; Yusuf & Mohd, 2022; Ajala & Laniran, 2021). Few studies jointly examine these dimensions over a comprehensive period such as 2002–2024, while evidence-based policy recommendations derived from integrated econometric analysis remain limited (Rotimi et al., 2024; Dada et al., 2024; Gbemudia & Akachukwu, 2025). This study therefore addresses these gaps by examining the combined effects of terrorism, political instability, and military expenditure on economic growth in Nigeria.

3. METHODOLOGY

The study adopted an ex post facto research design and utilised quarterly secondary time-series data for Nigeria covering 2002Q1–2024Q4. Data on GDP, military expenditure, domestic investment, foreign direct investment, domestic credit, and interest rate were obtained from the World Development Indicators, terrorism incidence, injuries, and fatalities from the Global Terrorism Database, political instability from the Worldwide Governance Indicators, and globalization from the KOF Globalisation Index.

Descriptive statistics, correlation analysis, Variance Inflation Factors (VIF), and the Augmented Dickey-Fuller unit root test were employed, while the Autoregressive Distributed Lag (ARDL) bounds-testing approach was used to examine the short- and long-run relationships among the variables. Three separate ARDL models were estimated using terrorism incidence, injuries, and fatalities as alternative terrorism indicators to minimise multicollinearity. Where cointegration existed, the Error Correction Model (ECM) was estimated, while the Breusch-Pagan-Godfrey test and R-squared were used to assess model adequacy and robustness. Estimation was performed using EViews 13 software at 5% significance level.

Model Specification

The model specified is adapted from the model of Abiodun, Magaji and Ismail (2023) who studied the impact of insecurity on economic growth in Nigeria. They modeled gross domestic product per capita as a function of national terrorism index, unemployment rate, poverty index, and inflation rate. Following the theoretical and empirical literature, the functional relationship between insecurity and sustainable economic growth is expressed as:

$$GDP = f(TERROR_t, MIL_t, PINST_t, DINV_t, FDI_t, DC_t, INTR_t, GLOB_t) \quad [2]$$

Where:

GDP= Economic growth (proxied by Gross Domestic Product)

TERROR= Terrorism Indicator (Incidence, Injuries, or Fatalities)

MIL= Military Expenditure

PINST= Political Instability

DINV= Domestic Investment

FDI= Foreign Direct Investment

DC= Domestic Credit

INTR= Interest Rate

GLOB= Globalization

Because the three terrorism variables are highly correlated, they are estimated in separate ARDL models.

Model I: Terrorism Incidence Model

$$GDP_t = \beta_0 + \beta_1 TINC_t + \beta_2 MIL_t + \beta_3 PINST_t + \beta_4 DINV_t + \beta_5 FDI_t + \beta_6 DC_t + \beta_7 INTR_t + \beta_8 GLOB_t + \mu_t \quad [3]$$

Model II: Terrorism Injuries Model

$$GDP_t = \beta_0 + \beta_1 TINJ_t + \beta_2 MIL_t + \beta_3 PINST_t + \beta_4 DINV_t + \beta_5 FDI_t + \beta_6 DC_t + \beta_7 INTR_t + \beta_8 GLOB_t + \mu_t \quad [4]$$

Model III: Terrorism Fatalities Model

$$GDP_t = \beta_0 + \beta_1 TFAT_t + \beta_2 MIL_t + \beta_3 PINST_t + \beta_4 DINV_t + \beta_5 FDI_t + \beta_6 DC_t + \beta_7 INTR_t + \beta_8 GLOB_t + \mu_t \quad [5]$$

General ARDL(p, q₁, q₂, ..., q₈) Specification

The ARDL model estimated in this study is expressed as:

$$\Delta GDP_t = \alpha_0 + \sum_{i=1}^p \alpha_i \Delta GDP_{t-i} + \sum_{j=0}^{q_1} \beta_j \Delta TERROR_{t-j} + \sum_{k=0}^{q_2} \gamma_k \Delta MIL_{t-k} + \sum_{l=0}^{q_3} \delta_l \Delta PINST_{t-l} + \sum_{m=0}^{q_4} \phi_m \Delta DINV_{t-m} + \sum_{n=0}^{q_5} \theta_n \Delta FDI_{t-n} + \sum_{o=0}^{q_6} \psi_o \Delta DC_{t-o} + \sum_{r=0}^{q_7} \omega_r \Delta INTR_{t-r} + \sum_{s=0}^{q_8} \eta_s \Delta GLOB_{t-s} + \lambda_1 GDP_{t-1} + \lambda_2 TERROR_{t-1} + \lambda_3 MIL_{t-1} + \lambda_4 PINST_{t-1} + \lambda_5 DINV_{t-1} + \lambda_6 FDI_{t-1} + \lambda_7 DC_{t-1} + \lambda_8 INTR_{t-1} + \lambda_9 GLOB_{t-1} + \varepsilon_t \quad [6]$$

Where *TERROR* is replaced by *TINC*, *TINJ*, or *TFAT* depending on the estimated model.

The model used domestic investment, foreign direct investment (FDI), domestic credit, interest rate, and globalization index as control variables. These variables were included to account for other important macroeconomic and financial factors that may

influence economic growth and, if omitted, could bias the estimated effect of insecurity on economic growth.

4. DATA ANALYSIS

Table 1: Pairwise Correlation Matrix of the Variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) GDP	1.000									
(2) TINC	0.918	1.000								
(3) TINJ	0.841	0.910	1.000							
(4) TFAT	0.822	0.934	0.903	1.000						
(5) POL. INST.	-0.813	-0.872	-0.917	-0.903	1.000					
(6) MIL. EXP.	0.910	0.790	0.712	0.636	-0.58	1.00				
(7) DC	0.347	0.307	0.111	0.207	-0.10	0.43	1.000			
(8) DINV	0.871	0.658	0.543	0.499	-0.54	0.84	0.229	1.000		
(9) FDI	-0.811	-0.706	-0.722	-0.666	0.808	-0.65	0.063	-0.77	1.0	
(10) INTR	0.252	0.265	0.079	0.132	0.076	0.37	0.153	0.249	0.0	1.0

Source: *Author's Computation (2026)*

Table 1 show that GDP has strong positive correlations with terrorism incidence (0.918), injuries (0.841), fatalities (0.822), military expenditure (0.910), and domestic investment (0.871). However, GDP shows a strong negative correlation with political instability (-0.813) and FDI (-0.811). The three terrorism indicators are also highly correlated with one another (0.903–0.934), confirming that they capture closely related dimensions of insecurity. However, they are estimated in separate models to avoid multicollinearity. Thus, the correlation results provide preliminary evidence of strong relationships among insecurity, investment, political stability, and economic growth, while the relatively weaker correlations involving domestic credit and interest rate suggest less pronounced linear associations.

Table 2: Stationarity Test Using the Augmented Dickey-Fuller (ADF) Technique

Variables	ADF Test Statistic	5% Critical Value	Order of Integration	Remarks
GDP	-2.908666	-2.895924	I(0)	Stationary at Level

Terrorism Incidence	-3.293035	-2.895109	I(1)	Stationary at 1st Difference
Terrorism Injuries	-6.162300	-2.895109	I(1)	Stationary at 1st Difference
Terrorism Fatalities	-5.449276	-2.895109	I(1)	Stationary at 1st Difference
Military Exp.	-2.965869	-2.896779	I(1)	Stationary at 1st Difference
Political Instability	-3.703187	-2.898145	I(0)	Stationary at Level
Domestic Inv.	-3.158607	-2.895109	I(1)	Stationary at 1st Difference
FDI	-6.004765	-2.895924	I(1)	Stationary at 1st Difference
Domestic Credit	-3.637351	-2.895512	I(0)	Stationary at Level
Interest Rate	-3.731653	-2.896779	I(0)	Stationary at Level
Globalization	-3.169211	-2.898623	I(0)	Stationary at Level

Source: *Author's Computation (2026)*

The Augmented Dickey-Fuller (ADF) test results indicate that the variables are integrated at either level, I(0), or first difference, I(1). GDP, political instability, domestic credit, interest rate, and globalization are stationary at level, while terrorism incidence, terrorism injuries, terrorism fatalities, military expenditure, domestic investment, and FDI become stationary after first differencing. Importantly, none of the variables is integrated at I(2). This combination of I(0) and I(1) variables supports the use of the Autoregressive Distributed Lag (ARDL) approach for examining the long-run and short-run relationships among the variables.

Table 3: ARDL Bounds Test

Test Statistic	Value	K
F-statistic for Model 1	6.0909	8
F-statistic for Model 2	6.3223	
F-statistic for Model 3	5.5042	
Critical Value Bounds		

Significance	I0 Bound	I1 Bound
5%	2.22	3.39

Source: *Author's Computation (2026).*

The ARDL Bounds test results presented in Table 3 indicate the existence of a long-run relationship between economic growth and the explanatory variables. The computed F-statistic is greater than the upper bound critical values at the conventional levels of significance for all three models, confirming the presence of cointegration among the variables. This implies that both the short-run and long-run relationships can be validly estimated using the ARDL model.

Table 4: Short Run Results for the Three Models

Model 1	Coefficient	Std. Error	t-Statistic	Prob.
D(GDP(-1))	0.417969	0.092356	4.525603	0.0000
D(Terror Incidence)	-0.009418	0.002218	-4.247270	0.0001
D(Terror Incidence (-1))	0.003219	0.002227	1.445594	0.1537
D(Military Expenditure)	0.013249	0.005018	2.640267	0.0106
D(Political Instability)	-0.441403	0.092383	-4.777951	0.0000
D(Domestic Investment)	0.076876	0.013072	5.881102	0.0000
D(FDI)	-0.025765	0.003648	-7.062098	0.0000
D(Domestic Credit)	0.000723	0.000180	4.013729	0.0002
D(Interest Rate)	0.002851	0.000711	4.009828	0.0002
D(GLOB)	0.011906	0.002196	5.420521	0.0000
CointEq(-1)	-0.037630	0.013723	-2.742049	0.0081
Model 2	Coefficient	Std. Error	t-Statistic	Prob.
D(GDP(-1))	0.256782	0.098682	2.602112	0.0119
D(Terrorism Injuries)	-0.001428	0.001309	-1.091361	0.2799
D(Military Expenditure)	0.007774	0.003161	2.459883	0.0171
D(Political Instability)	-0.337184	0.092566	-3.642638	0.0006
D(Domestic Investment)	0.062151	0.012726	4.883744	0.0000
D(FDI)	-0.021501	0.003570	-6.023443	0.0000

D(Domestic Credit)	0.000639	0.000226	2.828890	0.0065
D(Interest Rate)	0.001668	0.000493	3.384478	0.0013
D(Globalization)	0.010998	0.002727	4.032798	0.0002
CointEq(-1)	-0.060988	0.014086	-4.329712	0.0001
Model 3	Coefficient	Std. Error	t-Statistic	Prob.
D(GDP(-1))	0.492358	0.076141	6.466380	0.0000
D(Terrorism Fatalities)	-0.003685	0.001351	-2.727428	0.0083
D(Military Expenditure)	0.014444	0.006764	2.135334	0.0367
D(Political Instability)	-0.360078	0.091974	-3.915020	0.0002
D(Domestic Investment)	0.076539	0.014208	5.386865	0.0000
D(FDI)	-0.023840	0.003695	-6.452659	0.0000
D(Domestic Credit)	0.000695	0.000158	4.400857	0.0000
D(Interest Rate)	0.001644	0.000484	3.400730	0.0012
D(Globalization)	0.012840	0.002851	4.503027	0.0000
CointEq(-1)	-0.029740	0.013398	-2.219726	0.0301

Source: *Author's Computation (2026).*

The short-run estimates reported in Table 4 provide important evidence on how different dimensions of insecurity, governance quality, and the selected control variables affect economic growth in Nigeria. Model 1 shows that terrorism incidence has a negative and statistically significant short-run effect on economic growth, with a coefficient of -0.009418 ($p\text{-value} = 0.0001$). This implies that an increase in terrorism incidents significantly reduces economic growth in Nigeria. Military expenditure, domestic investment, domestic credit and globalization have positive and significant effects, while FDI and political instability have significant negative effects. The error-correction coefficient of -0.037630 is significant, indicating that about 3.76% of short-run disequilibrium is corrected annually towards long-run equilibrium.

Estimates from model 2 indicates that terrorism injuries have a negative but statistically insignificant short-run effect on economic growth, with a coefficient of -0.001428 ($p\text{-value} = 0.2799$). This suggests that terrorism-related injuries do not exert a significant immediate effect on aggregate economic activity. Military expenditure, domestic investment, domestic credit and globalization positively affect growth, while FDI and political instability exert significant negative effects. The significant error-correction

coefficient of -0.060988 indicates that approximately 6.10% of deviations from long-run equilibrium are corrected each year.

In model 3 reveals, terrorism fatalities showed negative and statistically significant effect on economic growth, with a coefficient of -0.003685 ($p\text{-value} = 0.0083$), indicating that increased loss of lives through terrorism significantly constrains economic activity. Military expenditure, domestic investment, domestic credit and globalization have positive and significant effects, whereas FDI and political instability have negative and significant effects. The error-correction coefficient of -0.029740 is statistically significant, showing that about 2.97% of short-run disequilibrium is corrected annually towards the long-run equilibrium.

Table 5: Long Run Coefficients of Variables

<i>Model I</i>				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Terrorism Incidence	-0.062317	0.030906	-2.016360	0.0484
Military Expenditure	0.006330	0.052638	0.120263	0.9047
Political Instability	-0.214431	0.194815	-1.100690	0.2756
Domestic Investment	0.172835	0.042974	4.021884	0.0002
FDI	-0.202258	0.084145	-2.403694	0.0194
Domestic Credits	0.019206	0.006402	3.000214	0.0040
Interest Rate	0.026038	0.013238	1.966878	0.0540
Globalization	-0.013398	0.018939	-0.707441	0.4821
C	25.242929	1.211863	20.829849	0.0000
<i>Model II</i>				
Terrorism Injuries	-0.061565	0.033393	-1.843651	0.0706
Military Expenditure	0.127476	0.063891	1.995209	0.0510
Political Instability	-0.412148	0.158927	-2.593308	0.0122
Domestic Investment	0.106932	0.031722	3.370876	0.0014
FDI	-0.149961	0.041867	-3.581842	0.0007
Domestic Credit	0.010485	0.003256	3.220150	0.0022
Interest Rate	0.009842	0.004335	2.270657	0.0271

Globalization	-0.010499	0.012524	-0.838302	0.4055
C	23.082046	0.811867	28.430810	0.0000
Model III				
Terrorism Fatalities	-0.005932	0.022566	-0.262863	0.7935
Military Expenditure	0.056421	0.092152	0.612255	0.5426
Political Instability	0.144803	0.381757	0.379307	0.7058
Domestic Investment	0.116253	0.071461	1.626806	0.1089
FDI	-0.204643	0.104106	-1.965727	0.0538
Domestic Credit	0.023371	0.009894	2.362042	0.0213
Interest Rate	0.019125	0.013541	1.412353	0.1628
Globalization	-0.020992	0.026813	-0.782924	0.4367
C	25.561556	1.647709	15.513393	0.0000

Source: *Author's Computation (2026).*

In Model I, terrorism incidence has a negative and statistically significant long-run effect on economic growth, with a coefficient of -0.0623 ($p\text{-value} = 0.0484$). This indicates that persistent increases in terrorism incidents significantly undermine economic growth in Nigeria. Domestic investment (0.1728 , $p\text{-value} = 0.0002$) and domestic credit (0.019206 , $p\text{-value} = 0.0040$) exert positive and significant effects, while FDI has a negative and significant effect (-0.2023 , $p\text{-value} = 0.0194$). However, military expenditure, political instability, interest rate and globalization are statistically insignificant in the long run. The result particularly underscores terrorism incidence as an important long-run constraint on Nigeria's economic performance.

Model II shows that terrorism injuries have a negative but statistically insignificant long-run effect on economic growth, with a coefficient of -0.0616 ($p\text{-value} = 0.0706$). Although the negative coefficient indicate that terrorism-related injuries tend to reduce economic growth, the effect is not significant at the 5 percent level. Military expenditure has a positive effect that is not significant at the 5 percent level (0.1275 , $p\text{-value} = 0.0510$), while political instability has a significant negative effect (-0.4121 , $p\text{-value} = 0.0122$). Domestic investment and domestic credit positively and significantly affect growth, whereas FDI has a significant negative effect. Globalization is statistically insignificant.

In Model III, terrorism fatalities have a negative but statistically insignificant long-run effect on economic growth, with a coefficient of -0.0059 ($p\text{-value} = 0.7935$). This implies that although terrorism fatalities carry the expected negative sign, their long-run effect on aggregate economic growth is not statistically established. Military expenditure, political instability, domestic investment, interest rate and globalization are also statistically

insignificant. Domestic credit, however, has a positive and significant effect (0.0234, p -value = 0.0213), while FDI has a negative effect that is not significant at the 5 percent level (-0.2046 , p -value = 0.0538).

Table 6: Test of Hypotheses

Hypotheses	t-stat. (p -value)	Decision
H₀₁: Terrorism incidences have no significant effect on economic growth in Nigeria.	-2.0164 (0.0484)	Reject H_{01} since p -value < 0.05
H₀₂: Terrorism injuries have no significant effect on economic growth in Nigeria.	-1.8437 (0.0706)	Accept H_{02} since p -value > 0.05
H₀₃: Terrorism fatalities have no significant effect on economic growth in Nigeria.	-0.2629 (0.7935)	Accept H_{03} since p -value > 0.05
H₀₄: Military expenditure has no significant effect on economic growth in Nigeria.	0.1203 (0.9047); 1.9952 (0.0510); 0.6123 (0.5426)	Accept H_{04} since p -values > 0.05
H₀₅: Political instability has no significant effect on economic growth in Nigeria.	-1.1007 (0.2756); -2.5933 (0.0122); 0.3793 (0.7058)	Reject H_{05} in Model II; Accept Null for Models I & III

Source: *Extracted from Eviews 13 Output*

According to Table 6, at the 5% significance level, the long-run ARDL results show that Hypothesis One is rejected because terrorism incidence significantly affects economic growth ($t = -2.0164$, $p = 0.0484$), while Hypotheses Two and Three are not rejected, as terrorism injuries ($t = -1.8437$, $p = 0.0706$) and fatalities ($t = -0.2629$, $p = 0.7935$) have insignificant effects. Hypothesis Four is accepted, since military expenditure is insignificant across Models I–III ($p = 0.9047$, 0.0510 and 0.5426 , respectively). Hypothesis Five is rejected only in Model II ($t = -2.5933$, $p = 0.0122$), but not in Models I and III ($p = 0.2756$ and 0.7058 , respectively).

Table 7: Diagnostic Tests

Test	F-Statistic	Remark
BG Serial Correlation	Model 1: 2.7608 (p -value = 0.0719) Model 2: 2.0146 (p -value = 0.1435) Model 3: 0.9896 (p -value = 0.3777)	No serial correlation in the three models
Heteroskedasticity	Model 1: 1.1704 (p -value = 0.3072) Model 2: 1.2460 (p -value = 0.2446) Model 3: 1.4330 (p -value = 0.0795)	No heteroskedasticity in the three models
R-squared	0.8319, 0.8835 and 0.9122	The three models have good explanatory power

Source: *Author's Computation (2026).*

The diagnostic tests indicate that the three ARDL models are generally well specified. The serial-correlation tests have *p-values* greater than 0.05 across all models, indicating no evidence of serial correlation. Similarly, the heteroskedasticity tests have *p-values* above 0.05, indicating that the residuals are homoskedastic. The R-squared values of 0.8319, 0.8835 and 0.9122 indicate that the models explain approximately 83.19%, 88.35% and 91.22% of the variations in economic growth, respectively.

Discussion of Findings

The findings demonstrate that the insecurity–growth relationship in Nigeria is multidimensional and varies according to the form of insecurity and the time horizon. Terrorism incidence and fatalities significantly reduce growth in the short run, while only terrorism incidence retains a significant negative effect in the long run. Terrorism injuries are negative but insignificant in both periods. This supports the security–development nexus, which emphasises that persistent insecurity disrupts production, investment, human and physical capital, and diverts resources towards security. The results broadly agree with Obi (2015), Osawe (2015), Odebola (2019), Chukwuma et al. (2019), Yusuf and Mohd (2022), Abiodun et al. (2023), Ali (2023), and Rotimi et al. (2024), who reported adverse effects of terrorism or insecurity on economic performance. They also complement Effiong et al. (2022), who associated terrorism with declining investor confidence and FDI.

The particularly strong result for terrorism incidence which is negative and significant in both the short and long run, indicates that the frequency and persistence of terrorist events impose a continuing economic burden. Recurrent attacks disrupt business activities and transportation, discourage investment, damage productive assets and increase uncertainty and security costs. This finding is consistent with Obi (2015), Osawe (2015), Odebola (2019), Chukwuma et al. (2019), Yusuf and Mohd (2022), Abiodun et al. (2023), Ali (2023), and Rotimi et al. (2024), while Effiong et al. (2022) provides further support through the investment-confidence channel. The persistence of the effect indicates that repeated terrorist incidents can gradually weaken the foundations of productive growth.

By contrast, terrorism injuries have a negative but insignificant effect on growth in both periods. Although injuries can generate medical costs, reduce labour productivity and remove workers temporarily from productive activities, their effects may be dispersed across households and communities and therefore insufficient to alter aggregate GDP. This differs from Nnam et al. (2020), who found that terrorism disrupts social services and human-capital development. The difference may reflect the outcome examined: Nnam et al. (2020) focused more directly on social and human development, whereas the present study measures aggregate economic growth. The result nevertheless reinforces the value of distinguishing terrorism incidence, injuries and fatalities rather than treating insecurity as a single aggregate phenomenon.

Terrorism fatalities exert a significant negative short-run effect but become insignificant in the long run. Deaths can immediately reduce labour supply, household income and business activity while imposing emergency and reconstruction costs. Over time, however, adaptation through labour reallocation, migration, reconstruction and other

adjustment mechanisms may reduce the aggregate growth effect. The result therefore only partially agrees with Yusuf and Mohd (2022), Abiodun et al. (2023), and Rotimi et al. (2024), whose broader terrorism measures produced persistent negative growth effects. The difference may arise because those studies capture the cumulative effect of terrorism, whereas the present study isolates fatalities. This suggests that the persistence of terrorist activity may be more damaging to long-run growth than fatalities considered independently.

The finding for military expenditure is equally noteworthy. Its positive short-run effect across the models, but insignificance in the long run, suggests that security spending may initially protect productive assets, restore economic activity and generate demand through security-related employment and procurement. However, such expenditure does not automatically create sustained productivity gains and may eventually compete with education, health, infrastructure and other productive investments. The result agrees with Onyekachi et al. (2024) and partly with the mixed evidence of Dada et al. (2024) and Lawal et al. (2024), but differs from the negative long-run findings of Ajala and Laniran (2021), Olayiwola and Oloruntuyi (2024), and Gbadebo et al. (2025). The evidence therefore suggests that the growth effect of military expenditure depends less on its size than on its effectiveness, allocation and interaction with the broader security environment.

Political instability emerges as another important dimension of the security–development relationship. It has a significant negative short-run effect on growth in all three models, while its long-run effect is significant only in Model II. This indicates that political uncertainty can immediately weaken investor confidence, disrupt policy continuity, increase economic risk and reduce institutional effectiveness. The result agrees with Aninwagu and Momodu (2025), Hassan and Muhammed-Gani (2025), Dimas (2025), Osoghoyai and Kalama (2025), Olaifa (2025), Ananti et al. (2025), and Okonkwo (2026), who generally reported negative consequences of political instability for development and macroeconomic performance. The model-specific long-run significance further suggests that governance effects may operate through investment, institutional quality and insecurity rather than as a uniform direct effect on GDP.

The significance of political instability in Model II, but not in Models I and III, is particularly revealing. It suggests that governance and insecurity interact differently depending on the nature of the terrorist shock. Where terrorism generates injuries, weak institutions may magnify economic losses by limiting healthcare, reconstruction, social protection and institutional support. This interpretation complements Dimitraki and Emmanouilidis (2025), who found that political instability can weaken the effectiveness of military expenditure. It is also consistent with the broader governance literature of Adegbe and Fakile (2019), Oladipo and Akintoye (2020), Ezeani et al. (2020), Musa and Adeyemi (2021), Adebayo et al. (2022), Bello and Usman (2023), and Ifeanyi and Olatunji (2024), which generally shows that government effectiveness, accountability, regulatory quality, transparency and rule of law strengthen development, whereas institutional weakness limits economic gains.

The control variables broadly reinforce the theoretical expectations. Domestic investment and domestic credit generally support growth by expanding productive capacity and financial intermediation. In contrast, FDI is negative and generally significant, particularly in Models I and II, suggesting that foreign capital does not automatically generate domestic productive transformation. Possible explanations include profit repatriation, weak domestic linkages and concentration of investment in extractive activities. Overall, the findings indicate that Nigeria's growth challenge is not simply the amount of resources devoted to security, but the persistence of insecurity, the quality of governance and the ability to translate security and investment resources into productive economic activity.

5. CONCLUSION

The study concludes that terrorism incidence constitutes the most persistent threat to economic growth in Nigeria. Its negative and significant effect in both the short and long run indicates that recurrent terrorist activities disrupt production, investment, trade and economic confidence beyond the immediate period of an attack. Terrorism injuries, although negatively related to growth, do not exert a statistically significant effect in either the short or long run, suggesting that their macroeconomic consequences may be more pronounced at household, labour-market and human-development levels. Terrorism fatalities, on the other hand, significantly reduce growth in the short run but lose significance in the long run, indicating that the economy is capable of some adjustment to mortality shocks over time.

The study further concludes that military expenditure provides only a short-run economic benefit and does not generate a sustained long-run growth effect. Although security expenditure may protect productive activities and support economic activity in the immediate period, its long-run contribution depends on its effectiveness and allocation. Thus, simply increasing military expenditure cannot substitute for broader security, institutional and development strategies.

With respect to governance, political instability significantly constrains short-run economic growth across all three models, while its long-run effect is significant only in the terrorism-injuries model. This demonstrates that political stability is an important component of the security–development relationship, particularly where weak institutions may intensify the economic consequences of insecurity. Again, the positive contribution of domestic investment and domestic credit demonstrates the importance of strengthening domestic productive capacity and financial intermediation. The generally negative effect of FDI further suggests that foreign capital does not automatically translate into economic growth unless it is supported by strong domestic linkages, productive investment and an enabling institutional environment.

Having seen the findings and conclusions drawn therefrom, it is pertinent to make some useful and practical recommendations that flow directly from the findings. The study therefore recommends that the Nigerian government should prioritise reducing the frequency and persistence of terrorist attacks through improved intelligence, early-warning

systems, inter-agency coordination and community-based security mechanisms; protect businesses, agriculture, transportation and critical infrastructure in affected areas; strengthen healthcare, rehabilitation and social protection for victims of terrorism; improve the efficiency, accountability and targeting of military expenditure so that security spending complements rather than crowds out productive investment; strengthen political stability, institutional capacity, accountability, regulatory quality, rule of law and policy continuity; promote domestic investment and affordable productive credit, particularly for businesses in insecurity-affected areas; and reform FDI policies to encourage technology transfer, local sourcing, employment creation and domestic value addition.

References

1. Abiodun, A. A., Magaji, S., & Ismail, Y. (2023). Impact of insecurity on economic growth in Nigeria: 1990–2023. *International Journal of Research and Scientific Innovation*, 12(4), 1258–1271.
2. Adebayo, A., Adetunji, M., & Lawal, S. (2022). Fiscal governance and sustainable development in Nigeria. *Journal of Finance and Development Studies*, 10(1), 90–108.
3. Adebayo, T. S., & Olayemi, J. O. (2024). Insecurity and economic performance in Nigeria: Evidence from ARDL approach. *African Development Review*, 36(1), 112–128.
4. Adegbe, F. F., & Fakile, A. O. (2019). Governance quality and sustainable economic development in Nigeria: Evidence from panel data. *Journal of African Economic Development*, 11(2), 45–62.
5. Adeoye, O. A. (2022). The Nigerian Oil Economy. In *The Oxford Handbook of Nigerian History*. Oxford University Press. <https://books.google.com/books?id=gQ5YEAAQBAJ>
6. Adewale, S. (2026). Continuities of dependency: fiscal governance, the Structural Adjustment Programme and debt in Nigeria, 1954–2023. *Third World Quarterly*, 1–19.
7. Adeyemi, O. I., & Adebajo, A. (2019). The challenge of insecurity and its impact on sustainable development in Nigeria. *Journal of African Development Studies*, 12(3), 112–128.
8. Aghion, P., Bergeaud, A., Lequien, M., Melitz, M. J., & Zuber, T. (2024). Opposing firm-level responses to the China shock: Output competition versus input supply. *American Economic Journal: Economic Policy*, 16(2), 249–269.
9. Akadiri, S.S., Olasehinde-Williams, G. & Haouas, I. (2026). Resource wealth, defence spending, and environmental outcomes in Nigeria: A Fourier ARDL Approach. *J Knowl Econ* 17, 2021–2042.
10. Ali, A. D. (2023). Security and economic development in Nigeria since 1960. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 2(6), 1–12.
11. Aluko, O. A., Odewale, A. T., Taiwo, K. & Adefeso, H. (2024). Unlocking inclusive growth and sustainable development in Nigeria: A roadmap through challenges and opportunities. *African Journal of Applied Research*, 10(1), 201–223.
12. Ananti, C., Nwokike, C., & Ezeneme, U. (2025). Security challenges, political instability, and foreign direct investment in Nigeria. *Journal of African Economic Development*, 17(1), 45–62.
13. Aninwagu, L., & Momodu, I. (2025). Political instability and human development in Nigeria. *African Journal of Development Studies*, 12(2), 88–105.
14. Atobatele, J. T., Moliki, A., Olaoye, F. O., & Gberville, D. E. (2024). Government expenditure and national development in Nigeria. *International Journal of Public Administration and Management Research*, 8(1), 55–70.
15. Bello, A., & Usman, M. (2023). Institutional quality, governance, and poverty reduction in Nigeria. *Nigerian Journal of Social Development*, 15(1), 41–60.
16. Cebotari, A., Chueca-Montuenga, E., Diallo, Y., Ma, Y., Turk, R. A., Xin, W., & Zavarce, H. (2024). Political fragility: Coups d'État and their drivers (IMF Working Paper No. 2024/034). International Monetary Fund.
17. Central Bank of Nigeria. (2024). Annual Report and Statement of Accounts for the Year Ended 31 December 2024. Abuja: Central Bank of Nigeria. <https://www.cbn.gov.ng>

18. Chuku, C., Abang, D., & Isip, I. A. (2019). Growth and fiscal consequences of terrorism in Nigeria. *Defence and Peace Economics*, 30(4), 424–441.
19. Chukwuma, C., Abang, D., & Isip, I. (2019). Terrorism and regional development in West Africa: Evidence from Nigeria, Mali, and Cameroon. *African Journal of Development Studies*, 11(4), 89–110.
20. Chukwuemeka, J., & Ibe, K. (2022). Governance quality and renewable energy adoption in Nigeria. *African Journal of Environmental Economics*, 8(2), 55–73.
21. Dada, M. A., Sharimakin, A. O., & Al-Faryan, M. A. S. (2024). Military expenditure and economic growth in Nigeria: Evidence from nonlinear ARDL approach. *Defence and Peace Economics*, 35(3), 289–305.
22. Dimas, K. (2025). Political instability, trade liberalization, and economic growth in Nigeria. *International Journal of Economics and Management*, 18(1), 23–39.
23. Dimitraki, E., & Emmanouilidis, C. (2025). Political instability, military expenditure, and economic growth in Nigeria. *Defence and Peace Economics*, 36(1), 71–89.
24. Efayena, O., & Olele, H. E. (2024). Military expenditure and investment nexus in ECOWAS countries. *African Development Review*, 36(2), 210–225.
25. Effiong, U. E., Okijie, S. R., & Udonwa, U. E. (2022). Military spending and influx of foreign direct investment in Nigeria: A security-oriented perspective. *International Journal of Economics and Business Studies*, 12(3), 45–58.
26. Effiong, U. E., Ekpo, P. S., & Umoh, A. (2022). Military spending and FDI in Nigeria. *Journal of African Investment and Finance*, 14(3), 102–121.
27. Ezeala, G., & Nzewi, U. C. (2022). Insecurity and economic growth in Nigeria. *International Journal of Research Publication and Reviews*, 3(5), 3399–3408.
28. Ezeani, E., Nwankwo, F., & Chukwuemeka, J. (2020). Governance quality and SDGs implementation in Nigeria: A mixed-methods approach. *Journal of African Policy Studies*, 14(3), 112–130.
29. Gbadebo, A. D., Bekun, F. V., & Akande, J. O. (2025). Defence spending and economic growth in Nigeria: An asymmetric approach. *Journal of Economic Studies*, 52(1), 120–138.
30. Hassan, A., & Muhammed-Gani, B. (2025). Public debt, political instability, and economic growth in Nigeria. *Journal of Economics and Sustainable Development*, 16(2), 100–118.
31. Hough, M. (2016). *Understanding insecurity: Theoretical and policy perspectives*. London: Routledge.
32. Ibrahim, R. L., Musa, S. A., & Abdullahi, M. (2024). Governance quality and economic development in Sub-Saharan Africa. *Journal of African Economies*, 33(2), 215–234.
33. Ifeanyi, O., & Olatunji, T. (2024). Financial management, governance quality, and sustainable economic development in Nigeria. *Journal of Economic Policy and Governance*, 13(1), 75–94.
34. Institute for Economics & Peace (IEP). (2023). *Global Terrorism Index 2023: Measuring the impact of terrorism*. Sydney: IEP.
35. Institute for Economics & Peace. (2025). *Global Terrorism Index 2025: Measuring the impact of terrorism*. Sydney, Australia: Institute for Economics & Peace.
<https://www.visionofhumanity.org/resources/>
36. International IDEA. (2024). *The Global State of Democracy 2024: Strengthening the legitimacy of elections in a time of radical uncertainty*. International Institute for Democracy and Electoral Assistance.
37. Kaufmann, D., & Kraay, A. (2024). *The Worldwide Governance Indicators: Methodology and 2024 update*. World Bank Group, Policy Research Working Paper No. 10952.
38. Lawal, A. I., Musa, A., Kwarbai, J. D., & Okedina, A. (2024). Military expenditure and economic growth in Nigeria: Evidence from wavelet analysis. *Economic Change and Restructuring*, 57(2), 455–472.
39. Lawal, A. I., & Victor, O. (2023). Institutional quality and macroeconomic stability in developing economies. *Economic Modelling*, 118, 105–118.
40. Lucas, R. E., Jr. (1988). On the mechanics of economic development. *Journal of Monetary Economics*, 22(1), 3–42.

41. Musa, I., & Adeyemi, B. (2021). Corruption, governance quality, and sustainable development in Nigeria. *Nigerian Journal of Economics and Development*, 16(1), 33–51.
42. Ndidi, D. E., Oniore, J. O., & Algbiedion, I. M. (2025). Military expenditure and economic growth in West and Central Africa: A dynamic panel approach. *African Journal of Economic Review*, 13(1), 88–104.
43. Nnam, M. U., Ogu, E., & Ojo, P. (2020). Boko Haram terrorism and human security in Nigeria. *International Journal of Human Security Studies*, 12(1), 78–95.
44. Nnamdi, E., Obi, C., & Onah, P. (2023). Local governance and sustainable development outcomes in Nigeria. *Journal of African Governance and Development*, 11(2), 88–105.
45. Nnam, M. U., Ugwuoke, C. O., Njemanze, V. C., & Akwara, F. A. (2020). Boko Haram terrorism and human security in Nigeria: Matters arising. *Journal of Aggression, Maltreatment & Trauma*, 29(7), 812–831.
46. Nwachukwu, E. U. (2024). Impact of institutional framework on economic growth of Nigeria (1996 to 2022). *International Journal of Research and Innovation in Social Science*, 8(1), 1185–1198.
47. Nwogwugwu, C., & Eze, P. (2018). Insecurity and investment climate in sub-Saharan Africa: Evidence from Nigeria. *Journal of Development Policy*, 7(4), 55–71.
48. Obi, C. (2015). Challenges of insecurity and terrorism in Nigeria: Implication for national development. *OIDA International Journal of Sustainable Development*, 8(2), 1–12.
49. Odebola, T. J. (2019). The effect of Boko Haram terrorism on the macroeconomy of Nigeria. Near East University Library. 1-56
50. Ojewale, O. (2024). Shadow of death: the criminal economy of banditry and kidnapping in northwest Nigeria. *Security Journal* 37, 1680–1710.
51. Okafor, C. U., & Eze, J. I. (2023). Terrorism, insecurity and investment dynamics in Nigeria. *Journal of Public Affairs*, 23(4), e2841.
52. Okeke, P., & Nwosu, R. (2021). Public sector governance and socio-economic development in Nigeria. *International Journal of Public Administration and Policy*, 12(2), 66–84.
53. Okonkwo, E. (2026). Macroeconomic volatility and political instability in Nigeria. *Nigerian Journal of Economic Studies*, 24(1), 55–72.
54. Oladipo, T. A., & Akintoye, S. O. (2020). Governance quality, corruption, and environmental sustainability in Nigeria. *African Journal of Sustainable Development*, 9(1), 78–95.
55. Olaifa, A. (2025). Economic freedom, political instability, and economic growth in Nigeria. *Journal of African Business*, 26(2), 112–130.
56. Olayiwola, K. W., & Oloruntuyi, O. (2024). Defence spending and income growth in Nigeria. *Journal of African Business*, 25(1), 77–95.
57. Omede, A. A., & Onwe, J. C. (2020). Insecurity and economic growth in Nigeria: A review of empirical evidence. *African Journal of Social Sciences*, 10(2), 45–60.
58. Onyekachi, O., Anfofum, A. A., & Anthony, O. (2024). Security expenditure and economic growth in Nigeria: An ARDL approach. *Nigerian Journal of Economic and Financial Research*, 9(1), 66–82.
59. Osawe, C. O. (2015). Increase wave of violent crime and insecurity: A threat to socio-economic development in Nigeria. *Journal of Humanities and Social Science*, 20(5), 45–54.
60. Osoghoyai, O., & Kalama, H. (2025). Political instability and foreign direct investment in Nigeria. *International Journal of Business and Economic Research*, 13(1), 41–60.
61. Reinsberg, B., Shaw, D. O., & Bujnoch, L. (2024). Revisiting the security–development nexus: Human security and the effects of IMF adjustment programmes. *Conflict Management and Peace Science*, 41(1), 72–95.
62. Rod, Z. (2024). Conceptualization of the security-development nexus: Current interpretation and critique. *Acta Fakultý filozofické*, 15(1–2), 3–22.
63. Romer, P. M. (1990). Endogenous technological change. *Journal of Political Economy*, 98(5, Part 2), S71–S102.
64. Salisu, A. A., Isah, K. O., & Oyewole, A. (2022). Conflict risk and foreign direct investment in developing countries. *Research in International Business and Finance*, 59, 101–117.

65. Udeh, S. N., & Chukwuma, A. (2021). Exploring the economic cost of insecurity in Nigeria: Gaps in literature and policy implications. *Nigerian Journal of Economics*, 15(1), 77-95.
 66. Umar, H. S., & Ahmed, A. B. (2023). Insecurity and agricultural productivity in Nigeria. *Cogent Economics & Finance*, 11(1), 220–238.
 67. Umoh, P. (2025). Public sector accountability, political instability, and economic growth in Nigeria. *African Journal of Governance and Development*, 9(2), 77–95.
 68. United Nations Office on Drugs and Crime (UNODC). (2024). Counter-Terrorism Module 1: Introduction to terrorism. United Nations Office on Drugs and Crime.
 69. Wang, F., Gao, J. & Liu, Y. (2024). Spatiotemporal evolution of Nigeria’s armed conflicts and terrorism and the associated shift in social perceptions. *Humanit Soc Sci Commun* 11, 1301.
 70. World Bank. (2025). World Development Indicators. World Bank Group.
<https://databank.worldbank.org/source/world-development-indicators>
 71. Yusuf, A., & Mohd, S. (2022). Growth and fiscal effects of insecurity on the Nigerian economy. *European Journal of Development Research*, 34(6), 1723–1745.
-



© 2026 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by-nc-sa/4.0/>).