



## Security Risks and Investment Stability: A Comparative Analysis of Foreign Companies’ Experiences in West Africa

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ARTICLE INFO		ABSTRACT
<b>Article History:</b>		<i>This study examines how security risks influence foreign direct investment (FDI) decisions and operational stability for foreign companies operating in West Africa. Focusing on six countries—Nigeria, Ghana, Côte d’Ivoire, Senegal, Liberia, and Sierra Leone—the research analyzes the impact of terrorism, maritime piracy, corruption, kidnapping, and political instability on investment behaviour. Using a comparative case-study approach, the study evaluates how these risks shape entry strategies, project timelines, staffing decisions, supply-chain structures, and long-term business commitments. The findings reveal that terrorism and piracy contribute to operational disruptions and higher insurance and logistics costs, while corruption and weak institutions create regulatory uncertainty that discourages long-term capital deployment. Kidnapping risks further influence expatriate management and workforce arrangements, particularly in high-risk areas. Overall, security threats raise the cost of doing business, reduce investor confidence, and push firms toward risk-mitigation practices such as phased investments, enhanced security measures, and contractual protections. The study concludes that improving governance, strengthening security cooperation, and enhancing rule-of-law mechanisms are essential for attracting sustainable investment and ensuring business stability across the region.</i>
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### Introduction

Foreign investment has long been a central driver of economic growth across West Africa, yet its stability remains deeply intertwined with the region’s diverse security landscape. Over the past two decades, foreign companies operating in West Africa have encountered a complex spectrum of security threats ranging from terrorism and maritime piracy to kidnapping, corruption, and political volatility that collectively shape the region’s investment climate. These risks vary in intensity across countries, creating contrasting business environments even within geographically adjacent

states. Understanding how such threats influence corporate decision-making is essential for evaluating the long-term prospects of FDI in the region (Marc et al., 2015).

The purpose of this study is to examine how different forms of insecurity affect the strategies, operations, and long-term commitments of foreign companies investing in six selected West African states: Nigeria, Ghana, Côte d'Ivoire, Senegal, Liberia, and Sierra Leone. The scope of the analysis includes both macro-level investment patterns and micro-level corporate experiences, offering a comparative perspective on how specific security pressures shape investor behaviour. The study is significant because it provides insight into why some West African countries maintain more stable investment flows despite regional instability, while others struggle to retain foreign businesses even when offering favourable market opportunities (Nnajofofor, 2020).

Historically, insecurity in West Africa has evolved from post-conflict fragility and governance challenges to contemporary threats such as jihadist expansion, maritime criminality, and political unrest. These developments have reshaped risk perceptions among multinational firms, prompting changes in project design, staffing models, insurance practices, and contract structures. Against this backdrop, the study advances two core hypotheses: first, that elevated security risks directly reduce the scale, duration, and diversity of foreign investments; and second, that countries with stronger institutions and governance frameworks are better equipped to mitigate the negative economic effects of insecurity (Nnebua, 2016).

To explore these claims, the research addresses the following key questions: How do different types of security threats affect investor confidence? What operational adjustments do foreign companies make in response to these risks? And why do certain West African states attract more resilient investment inflows despite regional instability? The methodology adopts a comparative qualitative approach, reviewing country conditions, corporate responses, and sector-specific vulnerabilities through documented case examples.

The expected outcome of this study is a nuanced understanding of how security risks shape FDI trajectories and business operations across diverse West African contexts. The article proceeds as follows: the first section reviews existing literature and conceptual frameworks on security-investment linkages; the second presents country-specific case studies; the third offers a comparative analysis highlighting cross-cutting patterns; the fourth discusses policy implications; and the final section concludes with reflections and directions for future research.

## **Conceptual Framework**

This study is anchored in a risk–investment interaction framework that explains how security threats reshape foreign investors' strategic behavior and operational decisions in emerging and fragile markets. The framework conceptualizes security risks—such as terrorism, piracy, corruption, kidnapping, and political instability as multidimensional pressures that influence investment through four interconnected channels: direct operational disruption, increased transaction and security costs, institutional uncertainty, and human-capital vulnerabilities. These risks alter investors' perceptions of stability, affect expected returns, and compel companies to adopt adaptive strategies such as phased investments, enhanced due diligence, risk-sharing partnerships, and reliance on insurance and private security. By linking macro-level instability with firm-level decision-making, the framework enables a comparative understanding of how different risk environments across West African states shape foreign companies' experiences and the sustainability of their investments (Abdelrehim Hammad et al., 2021).

## **Methodology**

This study adopts a qualitative comparative case study approach to examine how security risks influence foreign investment decisions and business operations in selected West African countries. The research focuses on six countries Nigeria, Ghana, Côte d'Ivoire, Senegal, Liberia, and Sierra Leone representing a spectrum of security contexts, from relatively stable to fragile states. Data were collected from secondary sources, including government investment reports, industry analyses, security assessments, and news reports, covering the period 2018–2025. The analysis emphasizes identifying patterns and differences in how terrorism, piracy, kidnapping, corruption, and political instability affect foreign companies' strategic decisions, operational adjustments, and risk management measures. By synthesizing evidence across countries, the study draws comparative insights into the mechanisms through which security risks shape FDI, highlighting both common challenges and country-specific nuances. Limitations include reliance on publicly available data and variations in the detail and reliability of security and investment information across the six countries (Usman et al., 2021).

## **Country Case Studies**

### **Nigeria: Terrorism, Piracy, and Kidnapping**

Nigeria represents one of the most challenging environments for foreign investors due to persistent security threats that affect business operations, personnel safety, and supply chains. Terrorism, kidnapping, and maritime piracy are the primary risks, varying by region but collectively creating a high-risk investment climate. Understanding these threats is crucial for investors seeking to operate in the country:

- i. **Terrorism and Insurgency:** The northeastern region of Nigeria, especially Borno, Yobe, and Adamawa states, continues to experience frequent attacks by militant groups such as Boko Haram and the Islamic State in West Africa Province (ISWAP). These groups regularly target towns, markets, roads, and government installations, creating a volatile security environment. For businesses, this instability disrupts transportation and logistics, making the movement of goods and personnel unpredictable. Supply chains often face delays, while local and foreign employees are exposed to serious safety risks. Companies operating in these areas frequently have to implement armed escorts, emergency response systems, and other security measures to protect personnel. Despite military operations weakening some insurgent factions, sporadic attacks continue, forcing investors to allocate substantial resources to security and risk management, and sometimes even suspend operations in the most dangerous zones (Khan & Wu, 2021).
- ii. **Kidnapping and Banditry:** Kidnapping-for-ransom and banditry have become pervasive in the Northwest, North Central, and parts of the Niger Delta regions of Nigeria. Criminal networks often target wealthy individuals, expatriates, and employees of multinational corporations. The consequences for businesses are significant: ransom demands can be extremely high, requiring careful negotiation and sometimes affecting company finances directly. To mitigate risks, companies often invest heavily in private security services, secure transport arrangements, and crisis management strategies. Repeated incidents of kidnapping also disrupt operations, as staff may be unwilling to work in high-risk areas or may need to be relocated temporarily. Moreover, companies that are perceived as vulnerable can face reputational risks, making it difficult to attract local partners or retain skilled employees. The rising frequency of these incidents is largely driven by socio-economic inequalities, weak law

enforcement, and corruption, forcing investors to adapt their strategies to ensure both financial and personnel security (Aloui & Maktouf, 2024); Khan, A., Jillani, M. A. H. S., Abdelrehim Hammad et al., 2021.

- iii. **Maritime Piracy:** Maritime piracy in the Gulf of Guinea, including Nigeria's offshore oil regions and shipping routes, poses another major challenge for foreign investors. Vessels transporting oil, goods, or personnel are at risk of hijacking, theft, and hostage-taking, while offshore oil platforms are periodically threatened by armed attacks. These risks directly affect the efficiency and reliability of supply chains, as shipping companies may be forced to reroute vessels, delay deliveries, or increase protective measures. Additionally, maritime insurance premiums in the region have risen sharply to account for the high risk of piracy, further increasing operational costs for investors in energy, logistics, and shipping sectors. The persistence of maritime threats is linked to weak regional enforcement, limited naval capacity, and poverty-driven criminal activity along the coast. For foreign investors, maintaining operations in Nigerian waters requires continuous monitoring of security developments, investment in protective technologies, and strict adherence to safety protocols (Kanyako, 2020; Khan et al., 2021).
- iv. **Investor Behaviour:** Foreign investors in Nigeria adapt their strategies to navigate the country's high-risk security environment, which includes terrorism, kidnapping, and maritime piracy. One of the primary responses is a substantial investment in private security services. Companies often hire armed guards, employ security consultants, and implement advanced surveillance and tracking technologies to protect personnel and assets. In regions prone to insurgent attacks or banditry, these measures are essential to reduce the risk of abduction or harm to employees. Another key strategy involves strict movement protocols. Employees, especially expatriates, are often required to travel in convoys, avoid certain roads or regions, and adhere to detailed schedules designed to minimize exposure to risk. Companies may also limit non-essential travel and encourage remote monitoring of operations wherever possible. These protocols, while increasing operational discipline, add to logistical complexity and operational costs (Collier & Pattillo, 2000; Khan et al., 2020).

Maintaining resilient and diversified supply chains is another critical behaviour. Investors often create multiple routes and contingency plans to ensure that goods and materials can reach their destinations despite disruptions caused by security threats. In some cases, companies stockpile essential materials in secure locations or collaborate with local partners to create alternative distribution channels. Such measures reduce vulnerability but require careful planning and additional resources. The high-risk environment also influences financial expectations. Foreign companies frequently demand higher returns to compensate for the additional costs and uncertainties associated with operating in Nigeria. This risk-adjusted approach affects investment decisions, project selection, and long-term planning. Some investors, assessing the cost-benefit balance, choose to avoid certain inland or high-risk areas altogether, focusing instead on relatively safer coastal cities, oil-producing regions with enhanced security, or even managing Nigerian operations from neighboring countries (Osoghoyai & Kalama, 2025; Khan et al., 2020).

Overall, investor behaviour in Nigeria reflects a combination of caution, adaptation, and strategic planning. Companies must continuously monitor the security situation, adjust operational practices, and invest in protective measures to sustain business activities. While these strategies allow continued investment, they also highlight the substantial burden of operating in a country where security risks are a significant factor in decision-making.

### **Ghana: Stability with Corruption Challenges**

Ghana is widely regarded as one of the more politically and economically stable countries in West Africa, making it an attractive destination for FDI. Investors are drawn to its mining sector, growing manufacturing industry, digital services, and renewable and conventional energy projects. Compared to many of its regional neighbours, Ghana offers a predictable business environment, reliable governance structures, and relatively low levels of violent conflict, which reduces security-related risks for foreign companies (Anyanwu & Yaméogo, 2015; hui et al., 2015).

- i. **Security Risk:** Ghana benefits from a history of democratic governance, regular elections, and a relatively peaceful political climate. Incidents of violent crime, civil unrest, or insurgency are rare, and the country's law enforcement and security apparatus generally function effectively to maintain public order. For investors, this stability translates into fewer disruptions to operations, predictable supply chains, and a lower need for extensive private security measures compared to other West African nations. The sense of safety and predictability encourages long-term investments in infrastructure, energy projects, and digital ventures (Rahman, 2024).
- ii. **Persistent Challenge:** Despite its stability, Ghana faces persistent challenges related to corruption across various administrative levels. Bribery, preferential treatment, and bureaucratic inefficiencies can increase transaction costs for businesses and create uncertainty in regulatory compliance. Companies often encounter delays in permits, approvals, or contract enforcement, which can affect project timelines and profitability. Corruption, while not a direct threat to physical security, introduces financial and operational risks that foreign investors must carefully manage. These challenges necessitate due diligence, strong local partnerships, and robust compliance frameworks to navigate the administrative landscape effectively (Pekeur, 2003).
- iii. **Investor's Behaviour:**

Foreign investors in Ghana adopt strategies that emphasize legal compliance and careful risk management to navigate the country's corruption-related challenges. Companies conduct extensive due diligence before entering agreements, ensuring that local partners, suppliers, and regulatory bodies meet established ethical and operational standards. Legal teams often draft contracts with arbitration-friendly clauses and dispute resolution mechanisms to address potential conflicts arising from administrative inefficiencies or regulatory unpredictability. Despite the persistent risk of corruption, investors are drawn to Ghana's political and economic stability. Many multinational companies use Ghana as a regional hub for West African operations, leveraging its reliable governance, relative safety, and strategic location. Investors balance the administrative risks by maintaining strong local networks, transparent financial practices, and ongoing monitoring of regulatory developments. Overall, investor behaviour in Ghana reflects a pragmatic approach: leveraging the country's stability to access growing markets and regional opportunities while implementing robust compliance and risk mitigation measures to offset bureaucratic and corruption-related uncertainties (Ndubuisi-Okolo et al, 2023).

### **Côte d'Ivoire: Economic Growth Amid Political Sensitivities**

Côte d'Ivoire has experienced significant economic growth in recent years, driven by agriculture, mining, energy, and infrastructure development. Expanding transport networks, urbanization projects, and investment in digital and industrial sectors have made the country increasingly

attractive to foreign investors. Its strategic location in West Africa also positions it as a potential regional hub for trade and logistics.

- i. **Security Concern:** While generally stable, Côte d'Ivoire faces periodic political tensions that can affect the investment climate. Electoral periods are often accompanied by heightened uncertainty, protests, and occasional disruptions. Additionally, instability in neighbouring countries, such as Burkina Faso and Liberia, can result in regional spillover effects, including cross-border crime, refugee flows, and security incidents near border areas. These dynamics require investors to remain vigilant, particularly in sensitive regions, and to consider contingency plans for operations during periods of political uncertainty (Dissou, 2020).
- ii. **Institutional Risks:** Governance inconsistencies present another challenge for investors in Côte d'Ivoire. Administrative procedures can be unpredictable, and enforcement of contracts may vary, particularly during election cycles or transitions of power. Investors may face delays in permits, approvals, or project authorizations, and there is a perceived risk that contracts could be challenged or renegotiated in ways that affect investment returns. Such institutional risks underscore the importance of legal safeguards, careful monitoring of government policies, and strong local partnerships to ensure project continuity (Ojih, 2013).

### **Investor Behaviour**

Foreign investors in Côte d'Ivoire adopt cautious and strategic approaches to manage the country's political sensitivities and institutional risks. Many companies implement phased investment strategies, gradually expanding operations as the business and political environment stabilizes. This approach allows investors to limit exposure during periods of heightened uncertainty, such as election cycles or times of regional instability. Political-risk insurance is another key component of investor strategy. By securing coverage against expropriation, contract disputes, and civil unrest, companies protect their capital and ensure business continuity even in the event of unforeseen disruptions. Contingency planning is also widely employed, including developing alternative supply routes, securing flexible contracts, and maintaining emergency protocols for personnel and assets. Overall, investor behaviour in Côte d'Ivoire reflects a balance between opportunity and caution. While the country's strong economic growth and infrastructure expansion attract foreign investment, companies remain vigilant, using insurance, phased investments, and proactive contingency planning to mitigate the effects of political and institutional uncertainties (Makata & Udobi, 2024).

### **Senegal: A Reliable Destination with Maritime Exposure**

Senegal is widely recognized for its political stability, sound governance, and commitment to sustained economic reforms, making it an attractive destination for foreign investment. The country has a growing economy driven by ports and logistics, fisheries, services, and emerging energy projects, including renewable energy initiatives. Its strategic location along the Atlantic coast positions Senegal as a gateway for regional trade in West Africa.

- i. **Security Risks:** While Senegal benefits from a generally stable political environment, investors must remain mindful of occasional security risks. Social protests and sporadic unrest can arise from political disagreements, labor disputes, or economic grievances. Although such incidents rarely escalate into widespread violence, they can disrupt local operations, supply chains, and public services. Additionally, Senegal faces maritime exposure due to its proximity to piracy-prone areas in the Gulf of Guinea. Shipping and fisheries operations, in particular,

require vigilance and adherence to international security protocols to reduce the risk of hijacking, theft, or operational disruption (Abebe, 2024).

- ii. **Attractive Sectors:** Senegal offers promising opportunities across several key sectors. The country's ports and logistics infrastructure provide critical access to regional and international trade routes, attracting investors in shipping, transport, and storage facilities. The services sector, including finance, telecommunications, and digital technologies, is expanding rapidly, supported by stable governance and regulatory reforms. Fisheries remain a significant source of revenue and employment, with opportunities for sustainable practices and exports. Additionally, Senegal is increasingly focusing on energy diversification, particularly renewable projects, presenting attractive prospects for long-term investment (Abdi, 2006).

### **Investor Behaviour**

Investors in Senegal typically adopt a cautious but proactive approach to manage both social and maritime risks. Companies closely monitor local political developments and engage with community and government stakeholders to mitigate the impact of protests or unrest. For maritime operations, investors follow international safety standards, invest in secure transport systems, and consider insurance to cover piracy-related risks. The country's political stability and ongoing economic reforms encourage companies to pursue strategic, long-term investments, often positioning Senegal as a regional hub for operations in West Africa (Gadafi et al., 2025).

### **Liberia: Fragile Institutions and Criminal Threats**

Liberia's post-conflict recovery has created a complex environment for foreign investors. While the country shows potential due to its natural resources and strategic coastal location, fragile institutions and governance challenges create mixed signals for investment. The investment climate is heavily influenced by security concerns, institutional weaknesses, and sporadic political unrest, requiring careful risk management by foreign companies.

- i. **Security Risks:** Liberia faces multiple security challenges that affect business operations. Corruption and institutional weaknesses permeate various levels of government, creating uncertainty for investors regarding regulatory compliance and contract enforcement. Sporadic political violence, particularly around election periods, further heightens risk. In addition, kidnapping threats, though less widespread than in some neighboring countries, remain a concern for expatriates and high-profile business personnel. These factors collectively raise the cost of operations and necessitate strong risk mitigation strategies for companies operating in Liberia (Shen, 2015).
- ii. **Operational Constraints:** Foreign investors often encounter bureaucratic delays, inconsistent enforcement of laws, and unpredictability in government procedures. Obtaining permits, licenses, or approvals can take longer than anticipated, while regulatory interpretations may vary across regions and officials. These operational constraints not only slow project implementation but also increase the administrative burden and costs for businesses. Navigating Liberia's institutional environment requires proactive planning, local expertise, and strong legal frameworks to ensure that investments are safeguarded against administrative or procedural risks (Xiao et al., 2025).

### **Investor's Behaviour**

To manage Liberia's high-risk environment, foreign companies adopt stringent security and operational measures. Strong on-site security protocols are standard, often complemented by

expatriate oversight to ensure adherence to international best practices. Legal frameworks are carefully structured, with contracts incorporating provisions for international arbitration and dispute resolution to safeguard against potential governance failures. Investors also engage in comprehensive due diligence, monitor political developments closely, and maintain contingency plans to address security or operational disruptions. These strategies reflect a cautious yet proactive approach, allowing companies to capitalize on Liberia's opportunities while mitigating the risks associated with fragile institutions and criminal threats (Smalley, 2013).

### **Sierra Leone: Post-Conflict Governance Challenges**

Sierra Leone continues to rebuild its institutions following decades of conflict, and the country presents significant opportunities for foreign investment, particularly in resource-based sectors such as mining and agroindustry. While the economy shows growth potential, weak governance structures and limited institutional capacity create challenges for investors seeking stable, predictable operations. The investment climate is shaped by corruption, irregular enforcement of contracts, and occasional local unrest, all of which require careful management.

- i. **Security Risks:** Sierra Leone faces persistent security and governance risks that affect business operations. Corruption at various administrative levels can lead to delays in permits, unpredictable enforcement of contracts, and bureaucratic inefficiencies. Periodic local unrest, often triggered by labour disputes, community grievances, or political tensions, can disrupt operations and supply chains. These risks increase operational costs and create uncertainty for investors, particularly those involved in labour-intensive or resource-based sectors where interactions with local communities are frequent (Kargbo, 2015).
- ii. **Sectoral Exposure:** Certain sectors in Sierra Leone are particularly sensitive to security and governance challenges. Mining operations are vulnerable to community disputes, labour unrest, and regulatory inconsistencies, which can halt production or require costly negotiations. Similarly, agroindustry projects may face disruptions due to local grievances, land disputes, or irregular labour practices. Investors in these sectors must adopt strategies that account for both operational and social risks to maintain productivity and safeguard assets (Ebo, 2006).

### **Investor's Behaviour**

To navigate these challenges, foreign firms often adopt staged investment strategies, gradually expanding their operations as confidence in the local environment grows. High levels of risk monitoring are maintained to respond swiftly to incidents such as unrest, regulatory changes, or labour disputes. Companies also prioritize community engagement, establishing channels for dialogue and partnership with local stakeholders to prevent or mitigate conflicts. These strategies reflect a cautious and adaptive approach, enabling investors to capitalize on Sierra Leone's resource potential while managing the uncertainties inherent in a post-conflict governance environment (Rogers, 2013).

### **Comparative Analysis**

#### **Shared Challenges Across the Region**

A review of the six West African countries reveals several recurring patterns that shape foreign investment decisions. One of the most significant shared challenges is the high cost of security. Companies operating in Nigeria, Liberia, and Sierra Leone, among others, often spend heavily on private security personnel, risk insurance, and logistical adjustments to ensure the safety of

employees, assets, and operations. These security measures, while necessary, substantially increase operational expenses and affect overall investment profitability (Ghani et al., 2025).

Sectoral differences also influence the exposure of investors to regional risks. Extractive industries, particularly mining and oil operations, are the most vulnerable to security threats, local unrest, and community grievances, as seen in Sierra Leone, Côte d'Ivoire, and Nigeria. In contrast, service-sector investors—including those in digital services, finance, and logistics—are generally more concerned with corruption, regulatory unpredictability, and bureaucratic inefficiencies rather than direct physical threats. Understanding these sector-specific risk profiles is essential for tailoring investment strategies and risk mitigation measures (Mathlouthi et al., 2025).

Finally, governance remains a critical determinant of investor confidence across the region. Countries with stronger institutions, transparent administrative processes, and predictable regulatory frameworks, such as Ghana and Senegal, consistently attract more investment. Investors prioritize jurisdictions where contract enforcement is reliable, government policies are consistent, and political transitions are peaceful, allowing for long-term planning and reduced operational uncertainty. Across West Africa, these shared challenges underscore the need for careful due diligence, proactive risk management, and strategic planning tailored to the unique political, social, and economic context of each country (Khan et al., 2025).

### **Divergent Country Profiles**

While West African countries share common challenges, their individual profiles diverge significantly, shaping foreign investment patterns and strategies. Nigeria stands out for its multidimensional security threats, including terrorism, kidnapping, and maritime piracy. These persistent risks necessitate substantial investment in private security, insurance, and logistical planning, making operational costs high and investor caution paramount. Consequently, companies often adopt heavily controlled operations or limit their presence to relatively safer regions (Hui et al., 2025).

Ghana and Senegal, in contrast, benefit from stable political environments and strong institutional frameworks, which provide investors with a more predictable operational climate. However, both countries still face challenges such as corruption, bureaucratic inefficiencies, and sporadic social unrest, which can affect certain sectors and administrative processes. Investors in these markets often prioritize compliance, due diligence, and local engagement to navigate these risks while taking advantage of regional growth opportunities. Côte d'Ivoire presents a nuanced profile, balancing robust economic growth and infrastructure development with periodic political risks, particularly during election cycles. Investors in Côte d'Ivoire frequently adopt phased investment strategies, political-risk insurance, and contingency planning to manage the uncertainty associated with governance fluctuations and regional spillovers (Khan & Ullah, 2024).

Liberia and Sierra Leone, emerging from post-conflict trajectories, continue to struggle with weak governance, corruption, and irregular contract enforcement. These institutional weaknesses amplify the impact of low-intensity security threats, such as localized unrest, kidnapping, or bureaucratic unpredictability. As a result, investors in these countries rely heavily on expatriate oversight, strong security protocols, and legally robust contracts to safeguard operations and capital. These divergent country profiles explain why FDI inflows are uneven across West Africa and why investors structure their operations differently depending on the risk and opportunity profile of each market. Countries with stable institutions and predictable governance attract long-

term, large-scale investments, whereas high-risk environments necessitate cautious, adaptive, and security-intensive investment strategies (Khan, 2024).

## **How Security Risks Shape FDI Decisions and Operations**

- i. **Higher Risk Premiums:** Investors operating in West Africa often demand higher risk-adjusted returns to compensate for the elevated security, political, and institutional risks present in the region. In countries such as Nigeria, Liberia, and Sierra Leone, where threats from terrorism, kidnapping, corruption, and weak governance are significant, companies are reluctant to commit large amounts of capital without adequate compensation. This demand for higher risk premiums can influence investment decisions, leading some firms to avoid long-term, capital-intensive projects that carry the greatest exposure. As a result, investors may favor shorter-term, flexible investments, or prioritize sectors with faster returns to mitigate the financial impact of potential disruptions (Khan, 2024).
- ii. **Modified Entry Strategies:** To mitigate the risks associated with West Africa's complex investment environment, foreign firms often adopt modified entry strategies. Many companies favor joint ventures or partnerships with local businesses, allowing them to share risks while leveraging local knowledge and networks. Smaller initial investments are also common, enabling firms to test the market and gradually scale operations as they gain confidence in the regulatory and security environment. Additionally, some investors establish regional headquarters or operational hubs in neighbouring countries with more stable conditions, maintaining a controlled presence in higher-risk markets while ensuring continuity and oversight. These adaptive strategies allow companies to balance opportunity with caution, reducing exposure to security, governance, and operational risks while maintaining a foothold in potentially lucrative markets (Khan & Jiliani, 2023).
- iii. **Operational Adjustments:** Foreign investors in West Africa often implement operational adjustments to address the region's high security and logistical risks. Companies enhance on-site security systems, including surveillance technologies, armed guards, and controlled access measures, to protect personnel and assets from threats such as terrorism, kidnapping, and piracy. Shipping and offshore operations are frequently rerouted to avoid piracy-prone areas, while supply chains are diversified to minimize disruption from local unrest or infrastructure challenges. Additionally, firms adopt staff rotation and evacuation plans to ensure the safety of expatriates and key personnel, particularly during periods of heightened political tension or regional instability. These operational adjustments allow companies to continue functioning effectively while mitigating the impact of environmental, security, and institutional risks (Khan & Usman, 2023).
- iv. **Human Resource Management:** In high-risk zones across West Africa, foreign investors increasingly rely on local managers to oversee operations, thereby reducing the exposure of expatriate staff to security threats such as kidnapping, terrorism, and civil unrest. Local managers possess valuable knowledge of the business environment, cultural dynamics, and regional security conditions, enabling more effective day-to-day decision-making. By delegating operational control to trusted local personnel, companies can maintain continuity, respond swiftly to emerging risks, and reduce the costs and logistical challenges associated with expatriate protection. This approach also strengthens community engagement and fosters better relations with local stakeholders, further mitigating operational and reputational risks in complex investment environments (Khan et al., 2023).

- v. **Contractual Safeguards:** To manage the complex political, security, and institutional risks in West Africa, foreign investors increasingly incorporate robust contractual safeguards into their agreements. Arbitration clauses are widely used to provide neutral dispute resolution mechanisms in cases of contractual disagreements, ensuring that conflicts can be addressed outside unpredictable local courts. Stabilization provisions are often included to protect investments against sudden changes in law, regulation, or government policy that could negatively affect project viability. Additionally, insurance instruments covering political risk, expropriation, or business interruption are commonly employed to provide financial protection against unforeseen disruptions. Collectively, these contractual safeguards enable investors to mitigate legal and financial risks, enhance predictability, and maintain confidence in the continuity of operations across high-risk markets (Khan, 2023).

## **Policy Recommendations**

### **For Governments**

Governments across West Africa play a critical role in shaping the investment climate and mitigating risks for foreign investors. Strengthening national and regional security, particularly maritime coordination, is essential to address threats such as piracy, cross-border crime, and terrorism. Effective law enforcement and enhanced intelligence-sharing can reduce operational risks and build investor confidence (Liu et al., 2023).

Improving the rule of law and implementing robust anti-corruption mechanisms are equally important. Transparent enforcement of contracts, consistent regulatory application, and accountability measures can reduce administrative unpredictability and lower the cost of doing business. Governments should also enhance transparency in procurement and licensing processes, ensuring that investors have clear, timely, and equitable access to approvals and permits (Khan & Ximei, 2022).

Developing investor-protection frameworks and fast-tracking dispute resolution mechanisms is another crucial step. Legal instruments such as arbitration facilitation, stabilization clauses, and political-risk insurance frameworks can protect investors from sudden regulatory changes or contractual disputes, fostering long-term investment stability. Finally, promoting community participation in resource-based projects helps reduce local tensions, prevent conflicts, and ensures that economic benefits are shared more broadly. Engaging local stakeholders through dialogue, benefit-sharing agreements, and community development initiatives strengthens social license to operate and enhances project sustainability (khan et al., 2022).

### **For Foreign Firms**

Foreign firms seeking to invest in West Africa must adopt comprehensive risk-management strategies to navigate the region's complex security, political, and institutional environment. Conducting detailed security due diligence prior to market entry is essential, allowing companies to assess potential threats such as terrorism, piracy, kidnapping, and civil unrest, and to design appropriate mitigation measures. Integrating risk management into financial and operational planning is critical. Firms should account for additional costs related to security measures, insurance premiums, and contingency logistics when evaluating project feasibility and expected returns. Maintaining strong corporate governance and compliance frameworks helps ensure adherence to both local regulations and international standards, reducing the risk of legal disputes, reputational damage, or corruption-related issues (Khan, 2022).

Building local partnerships is another key strategy. Collaborating with trusted local businesses or stakeholders enhances legitimacy, provides insight into regulatory and cultural contexts, and facilitates smoother operations in areas with complex governance structures. Additionally, leveraging technology such as surveillance systems, GPS tracking, and remote monitoring enables companies to reduce exposure to security threats while maintaining operational oversight, particularly in high-risk or remote regions. By combining due diligence, financial planning, governance, local engagement, and technological tools, foreign firms can effectively mitigate risks and capitalize on the investment opportunities available in West Africa (Khan & Wu, 2021).

## **Conclusion**

This analysis highlights the complex and varied investment landscape across West Africa, illustrating why security, governance, and institutional factors critically influence FDI decisions. Countries such as Nigeria face multidimensional security threats, requiring extensive risk mitigation, while Ghana and Senegal benefit from political stability but must manage corruption and social unrest. Côte d'Ivoire balances economic growth with periodic political risk, whereas Liberia and Sierra Leone continue to grapple with post-conflict governance challenges that amplify operational risks. Across the region, investors adapt through higher risk premiums, modified entry strategies, operational adjustments, reliance on local management, and robust contractual safeguards. For governments, strengthening security, enforcing anti-corruption measures, improving transparency, and promoting community participation can enhance the investment climate. For foreign firms, comprehensive due diligence, integrated risk management, strong governance, local partnerships, and the use of technology are critical to sustaining operations in high-risk environments.

Future research could explore several avenues, including the long-term impact of regional security initiatives on investment flows, the role of technology in mitigating operational risks, and sector-specific resilience strategies in West Africa. Additionally, comparative studies between West Africa and other high-risk emerging regions could provide further insights into best practices for both governments and investors. By synthesizing these findings, this study emphasizes that effective risk management, institutional reform, and strategic planning are essential for fostering sustainable and resilient investment in the region.

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