

Compound Interest of Funds Spent on Security in Nigeria from 2012 to 2021 as a Result of Insecurity

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Abstract

This paper outlines the security challenge in Nigeria and its implications on national growth and development. We collected data from National Bureau of Statistics (NBS) annual report 2021, Central Bank of Nigeria (CBN) annual report 2021, and other relevant ministries, departments and agencies (MDA's) on total amount of money spent on security in Nigeria on yearly basis from 2012 to 2021 and the data was analyzed using compound interest method. The research result of this study revealed that Nigeria spent a compounded sum of ₦30,196,956,631,782 on security for the period of study under review. If this fund is channeled into educational, health and agricultural sectors, it would have taken care of poverty and unemployment which are the major causes of insecurity in Nigeria. This paper recommends that indigenous community policing should be encouraged and more job opportunities should as well be created as many Nigerians are unemployed and are dying of hungers.

Keywords: Insecurity, economic development, national development, National Security and Compound interest.

1.0 INTRODUCTION

Studies have been carried out in this area by many authors. Everybody's major concern in Nigeria is insecurity and this has caused many uncertainties and fear in the country. Almost all part of the country is facing one insecurity challenge or the other (Achumba, Ighomereho and Akpan, 2013) which includes Boko haram activities that have claimed uncountable number of lives and high recorded kidnapping cases. In some years back especially 18 years ago, Nigeria Government spent not less than ten trillion naira for the nation's internal security and territorial integrity defense (Kufour, 2012). Every state government in Nigeria also apportioned hundreds of billions of Naira on laws and orderliness in order to protect their state. Thus, every citizenship of the country and indigenes of some communities pay levy and salary to able young women and men in order to protect their properties and lives. Despite large amount of money that are being allocated to security, it is common to every citizens of the country is passing through different

menace of hostage taking, kidnapping, armed robbery and terrorism. The regular security forces deficiencies and shortage of personnel have made some citizens to go with private security outfit. Many of these security groups are being hired by oil companies, banks, hospitality business and educational institutions business to fortify corporate security arrangement. There is no need to argue that the entire nation is facing gross challenge of security as insecurity is recorded on every part of the country on daily basis both in print and electronic media. Though, some of the occurrence of insecurity in some part of the country are being under-reported. The recent statistics of security from Nigeria Police Force which was collated by National Bureau of Statistics revealed that there is always increment in crime rate in Nigeria. (Bright, 2018) revealed that the current kidnapping cases of students at Igbonla in Imota, Ikorodu, Lagos and Turkish Int'l School in Ogun state spoiled people's trust on national security. Furthermore, the policemen kidnapping cases is very fresh in the people's memory. The policemen we trusted during the time of crisis and conflicts are now kidnapping victims, a question everyone should answer is: who is safe in this country? Upon large budget allocation to security department and subsequent creations of different units in security departments in order to control criminal activities, child rape, ritual killings, food insecurity and armed banditry, all these are increasing on daily basis.

In this paper, we computed the total fund spent on security in Nigeria from 2012 to 2021 using compound interest method and the research result revealed that Nigeria spent a compounded sum of ₦30,196,956,631,782 on security for the period of study under review. If this fund is channeled into educational, health and agricultural sectors, it would have taken care of poverty and unemployment which are the major causes of insecurity in Nigeria. This paper recommends that indigenous community policing should be encouraged and more job opportunities should as well be created as many Nigerians are unemployed and are dying of hungers.

1.1 BASIC DEFINITIONS

1.1.1 INSECURITY

It a state of feeling unsafe or not secured. In fact, insecurity is the state of being exposed to threat, danger, risk and anxiety. (Igbuzor, 2011).

1.1.2 ECONOMIC DEVELOPMENT

The act of improving human life quality through increasing per capita income, poverty reductions, and enhancing individual economic opportunities is called economic development (Soyinka, 2009)

1.1.3 NATIONAL DEVELOPMENT

It an act of ensuring progress and growth of every economic sectors across the country (Oluwarotimi, 2021).

1.1.4 NATIONAL SECURITY

It is the safety and protections of the state's territorial integrity so as to ensure human security and promotion of every citizens (Bright, 2018).

1.1.5 COMPOUND INTEREST

It is an interest receive on interest (Obiajulu and Ubaoji, 2017).

1.2 RESEARCH QUESTIONS

The study was guided by the following research questions;

1. What are the causes of insecurity in Nigeria?
2. How much has government spent on security under the period of study?
3. What are the best effective strategies for tackling insecurity in Nigeria?

1.3 CREATING DATABASE FOR CAUSES OF INSECURITY IN NIGERIA FROM 2012 TO 2021

Table 1

Causes of insecurity	Number of recorded cases
Unemployment	133735846
Poverty	734699000
Kidnapping	56018
Terrorism	85974
Violence (Political and economic based)	59918
Bribery and Corruption	2263
Ethno-religious conflicts/communal clash	324129
Python dance/Extrajudicial killing	232584
Organised criminal act	1246262
Assassination	152718

Sources of data: National Bureau of Statistics (NBS) annual report 2021, Central Bank of Nigeria (CBN) annual report 2021, Economic and Financial Crime Commission (EFCC) Annual Report 2021, NPF annual report 2021 and other relevant ministries, departments and agencies (MDA's)

Table 2

Year	Amount spent on security for the period under study
2012	₦921.92 billion
2013	₦957.70 billion
2014	₦930.22 billion
2015	₦948.01 billion
2016	₦1.04 trillion = ₦1,040 billion
2017	₦1.13 trillion = ₦1,130 billion
2018	₦1.28 trillion = ₦1,280 billion
2019	₦1.33 trillion = ₦1,330 billion
2020	₦1.69 trillion = ₦1,690 billion
2021	₦1.86 trillion = ₦1,860 billion

Sources of data: National Bureau of Statistics (NBS) annual report 2021, Central Bank of Nigeria (CBN) annual report 2021, and other relevant ministries, departments and agencies (MDA's)

4.0 ANALYTICAL METHODS

The ten major causes of insecurity in Nigeria which include Unemployment, Poverty, Kidnapping, Terrorism, Violence (Political and economic based), Bribery and Corruption, Ethno-religious conflicts/communal clash, Python dance/Extrajudicial killing, Organised criminal act and Assassination were carefully considered in this study, and data collected on their behalf for the period of study (from 2012 to 2021) were from National Bureau of Statistics (NBS) annual report 2021, Central Bank of Nigeria (CBN) annual report 2021, Economic and Financial Crime Commission (EFCC) annual report 2021 and other relevant ministries, departments and agencies (MDA's). However, we computed the total fund spent on security in Nigeria from 2012 to 2021 using compound interest method.

5.0 RESEARCH RESULT

Find the compound interest of the fund spent on security in Nigeria using the table below

Year	Amount spent on security for the period under study
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2012	~~₦~~ 921.92 billion
2013	~~₦~~ 957.70 billion
2014	~~₦~~ 930.22 billion
2015	~~₦~~ 948.01 billion
2016	~~₦~~ 1.04 trillion = ~~₦~~ 1,040 billion
2017	~~₦~~ 1.13 trillion = ~~₦~~ 1,130 billion
2018	~~₦~~ 1.28 trillion = ~~₦~~ 1,280 billion
2019	~~₦~~ 1.33 trillion = ~~₦~~ 1,330 billion
2020	~~₦~~ 1.69 trillion = ~~₦~~ 1,690 billion
2021	~~₦~~ 1.86 trillion = ~~₦~~ 1,860 billion

Solution

Using compound interest $A_n = P(1 + r)^n$ where n is the number of years, r = compound interest rate (Since the accepted CBN interest rate = 18%), P = *principal*, A_n is the accumulated amount after the n th years and $1 + r = 1.18$ (multiplying factor). Since they have different principals in various years, we have;

In 2012; $P_1 = \text{₦}921.92 \text{ Billion}$

$$\therefore A_1 = P_1 (1 + r) = \text{₦}921.92 = \text{₦}1,087.8656 \text{ Billion}$$

In 2013; $P_2 = \text{₦}957.70 \text{ Billion} + \text{₦}1,087.8656 \text{ Billion} = \text{₦}2,045.5656 \text{ Billion}$

$$\therefore A_2 = P_2 (1 + r) = \text{₦}2,045.5656 \text{ Billion} (1.18) = \text{₦}2,413.767408 \text{ Billion}$$

In 2014; $P_3 = \text{₦}930.22 \text{ Billion} + \text{₦}2,413.767408 \text{ Billion} = \text{₦}3,343.987408 \text{ Billion}$

$$A_3 = P_3 (1 + r) = \text{₦}3,343.987408 \text{ Billion} (1.18) = \text{₦}3,945.90514144 \text{ Billion}$$

In 2015; $P_4 = \text{₦}948.01 \text{ Billion} + \text{₦}3,945.90514144 \text{ B} = \text{₦}4,893.91514144 \text{ B}$

$$A_4 = P_4 (1 + r) = \text{₦}4,893.91514144 \text{ Billion} (1.18) = \text{₦}5,774.8198668992 \text{ Billion}$$

In 2016; $P_5 = \text{N}1,040 \text{ Billion} + \text{N}5,774.8198668992 \text{ Billion} = \text{N}6,814.8198668992 \text{ Billion}$

$A_5 = P_5 (1+r) = \text{N}6,814.8198668992 \text{ Billion} (1.18) = \text{N}8,041.4874429410 \text{ Billion}$

In 2017; $P_6 = \text{N}1,130 \text{ Billion} + \text{N}8,041.4874429410 \text{ Billion} = \text{N}9,171.4874429410 \text{ Billion}$

$A_6 = P_6 (1+r) = \text{N}9,171.4874429410 \text{ Billion} (1.18) = \text{N}10,822.355182670 \text{ Billion}$

In 2018; $P_7 = \text{N}1,280 \text{ Billion} + \text{N}10,822.355182670 \text{ Billion} = \text{N}12,102.355182670 \text{ Billion}$

$A_7 = P_7 (1+r) = \text{N}12,102.355182670 \text{ Billion} (1.18) = \text{N}14,280.779115551 \text{ Billion}$

In 2019; $P_8 = \text{N}1,330 \text{ Billion} + \text{N}14,280.779115551 \text{ Billion} = \text{N}15,610.779115551 \text{ Billion}$

$A_8 = P_8 (1+r) = \text{N}15,610.779115551 \text{ Billion} (1.18) = \text{N}18,420.719356350 \text{ Billion}$

In 2020; $P_9 = \text{N}1,690 \text{ Billion} + \text{N}18,420.719356350 \text{ Billion} = \text{N}20,110.719356350 \text{ Billion}$

$A_9 = P_9 (1+r) = \text{N}20,110.719356350 \text{ Billion} (1.18) = \text{N}23,730.648840493 \text{ Billion}$

In 2021; $P_{10} = \text{N}1,860 \text{ Billion} + \text{N}23,730.648840493 \text{ Billion} = \text{N}25,590.648840493 \text{ Billion}$

$A_{10} = P_{10} (1+r) = \text{N}25,590.648840493 \text{ Billion} (1.18) = \text{N}30,196.965631782 \text{ Billion}$

$\therefore A_{10} = \text{N}30,196,956,631,782$

3.1 DISCUSSION OF RESULTS

The research result of this study revealed that Nigeria spent a compounded sum of $\text{N}30,196,956,631,782$ on security for the period of study under review. If this fund is channeled into educational, health and agricultural sectors, it would have taken care of poverty and unemployment which are the major causes of insecurity in Nigeria.

4.0 CONCLUSION

Everybody's major concern in Nigeria is insecurity and this has caused many uncertainties and fear in the country. Almost all part of the country is facing one security challenge or the other which includes Boko haram activities that have claimed uncountable number of lives and high recorded kidnapping cases. In some years back especially 18 years ago, Nigeria Government spent not less than ten trillion naira for the nation's internal security and territorial integrity

defense. Every state government in Nigeria also apportioned hundreds of billions of Naira on laws and orderliness in order to protect their state. Currently, nobody is safe in Nigeria again and the worst part of the whole thing is, the security challenge is increasing on daily basis.

From the data collected for the study, it revealed that the major causes of insecurity in Nigeria is poverty and unemployment. Also, the research result of this study revealed that Nigeria spent a compounded sum of ₦30,196,956,631,782 on security for the period of study under review. If this fund is channeled into educational, health and agricultural sectors, it would have taken care of poverty and unemployment which are the major causes of insecurity in Nigeria.

5.0 RECOMMENDATION

This paper recommends that indigenous community policing should be encouraged and more job opportunities should as well be created as many Nigerians are unemployed and are dying of hungers.

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