

Political Economy Analysis: Economic Costs of Terrorism in Sub-Saharan Africa

Alhaji Kabiru^{1,2*} and Mohd Naseem Niaz Ahmed²

¹Department of Economics, Shehu Shagari College of Education, Nigeria

²School of Business and Economics, Universiti Putra Malaysia, Malaysia

*Corresponding Author

Alhaji Kabiru, Department of Economics, Shehu Shagari College of Education, Nigeria and School of Business and Economics, Universiti Putra Malaysia, Malaysia.

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Abstract

This study looks at the trend, degree, and economic cost of terrorism in Sub-Saharan Africa (SSA). Data were sourced from the Global Terrorism Database, the Global Terrorism Index, SIPRI, and world development indices. These countries were examined using a political economy analysis technique. The results demonstrated a significant detrimental impact of terrorism on the Sub-Saharan African economy. Addressing these difficulties necessitates a multifaceted approach that involves increasing security, boosting economic diversity, and addressing the socioeconomic causes of terrorism. Sub-Saharan African countries can reduce the economic impact of terrorism and promote long-term development by implementing a comprehensive approach.

1. Introduction

1.1. Background

Terrorism poses significant challenges to economic development in sub-Saharan Africa. The region has experienced various forms of terrorism, from insurgent groups like Boko Haram in Nigeria to Al-Shabaab in Somalia. These activities have profound economic impacts, influencing everything from GDP growth to foreign investment. This analysis will explore these economic costs through a political economy lens, focusing on direct and indirect costs, sectoral impacts, and policy responses. Global Terrorism Index (GTI) has declared some countries as the most terrorized. Countries. Sub-Saharan African are among the worst-hit according

to the (Global Terrorism Index, 2014) [1-6]. The region is the most vulnerable, with the highest number of deaths from terrorist attacks [7]. The growing trend is alarming and requires a strenuous counter-terrorism effort from the countries involved. This has eventually triggered a war against terrorism. Among the Sub-Saharan countries, Angola, Burkina Faso, Burundi, Cameroon, Central Africa Republic, Chad, Cote D'ivoire, Democratic Republic of Congo, Ethiopia, Kenya, Mali, Madagascar, Mozambique, Niger, Nigeria, Somalia, South Africa, South Sudan, Sudan, and Uganda are documented amongst the terrorized countries.

Country	Rank						Frequent Scores/ Impact
	2019	2018	2017	2016	2015	2014	
Nigeria	1	1	1	1	1	1	Very High Level
Somalia	2	2	2	2	2	2	
Democratic Republic of Congo	3	3	3	3	5	7	High Impact

Mali	4	4	9	11	10	9	Medium Impact
Central African Republic	7	5	5	7	8	3	
Cameroon	6	6	6	5	3	8	
South Sudan	9	8	4	4	9	4	
Sudan	12	9	7	6	6	5	
Kenya	10	10	8	9	7	6	
Niger	11	11	10	8	4	16	
Mozambique	7	12	15	14	15	11	
Burkina Faso	5	13	13	13	18	30	
Ethiopia	13	14	11	10	17	15	
Burundi	15	15	12	12	12	18	
Chad	14	16	14	13	11	23	
South Africa	16	17	17	16	16	12	
Uganda	19	18	18	15	13	10	
[Source: Author’s extraction from [1-7]]							

Table 1: Very High, High, and Medium Impact of Terrorism in SSA Countries

Country		Rank					
	2019	2018	2017	2016	2015	2014	Frequent Scores/Impact
Angola	18	19	16	30	33	31	Low Impact
Senegal	28	27	28	22	19	17	
Tanzania	19	20	20	19	14	14	
Rwanda	17	21	23	21	20	19	
Republic of Congo	21	22	19	17	28	29	
Cote d' Ivoire	21	23	21	18	21	20	
Madagascar	25	24	22	20	23	22	Very low Impact
Zimbabwe	20	22	25	28	27	24	
Ghana	22	25	35	27	27	26	No Impact
Guinea	27	28	32	24	24	28	
Malawi	24	29	32	32	33	33	
Gabon	25	30	26	32	33	33	
Sierra Leone	29	31	27	25	33	33	
Djibouti	31	32	29	23	22	21	
Zambia	32	33	30	32	33	33	
Liberia	33	34	33	32	30	27	
Lesotho	34	35	34	26	25	33	
Togo	34	35	37	32	33	33	
Mauritania	34	35	37	32	32	33	
Benin	34	35	37	32	33	33	
Equatorial Guinea	34	35	37	32	33	33	
Botswana	34	35	37	32	33	33	
Namibia	34	35	37	32	33	33	
Mauritius	34	35	37	32	33	33	
Gambia	34	35	37	32	33	33	
[Source: Author’s extraction from [1-7]]							

Table 2: Low, Very Low, and No Impact of Terrorism in SSA Countries

After the widely publicized September 11 attack, there were four distinct phases in global terrorism. From 2002 to 2007, the number of terrorist attacks rose steadily, associated with the increased unrest in Iraq. This pattern was at its highest in 2007, after the U.S. military surge, the terrorist activities dropped, with the number of deaths falling by 35% between 2007- 2011. The third phase was from 2011 to 2014, where the worldwide rate of terrorism spikes, with many more deaths from terrorism. There was more than a 350% increase in deaths at that time frame, according [6].

The rise is associated with ISIS, the Syrian civil war, and Boko Haram's re-emergence in Nigeria. From 2014, the 4th and the current trend of the world terrorist activities have seen a decline in terrorism fatalities as of 2019. Figure 1 reveals that the danger of terrorism activities is higher in the Sub-Saharan African soil with an average of 4 death per attack compared to 2.6 in the Middle East North Africa (MENA) region, even though the highest number of fatalities was documented in the MENA region (with 96,360 deaths since 2002) [7].

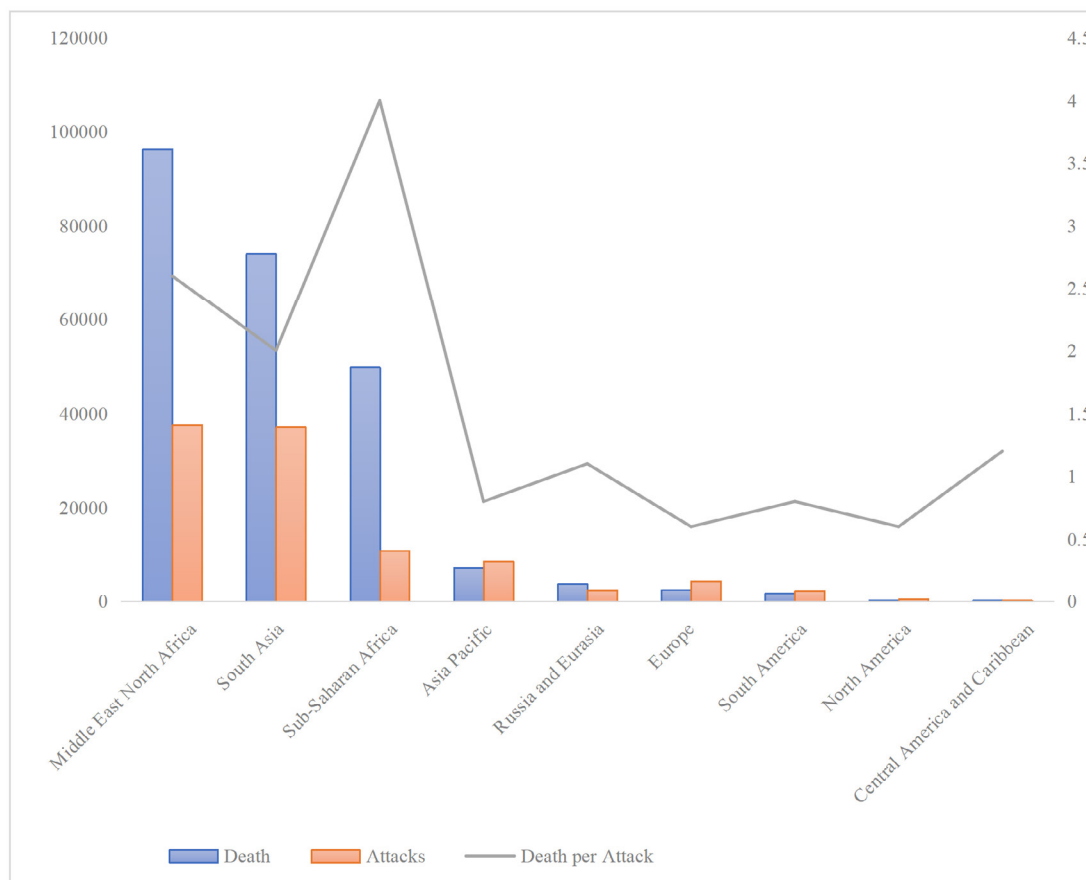


Figure 1: Regional Trend of Death Per Attack from 2002-2019
[Source: Authors computation from the Global Terrorism Index (2019) [6].]

Similarly, Figure 2 shows the pattern of terrorist activity (the number of terrorist attacks) in sub-Saharan Africa from 1999 to 2019. The number of attacks is low between 1999-2003, with the highest number of incidences in Uganda with 117 attacks and no attacks in Burkina Faso. Between 2004 and 2008, terrorist activities remained below 50 in all countries, except for Nigeria and Sudan. The years 2009-2013 show a severe increase in terrorist activities,

as Nigeria suffered 1,243 attacks over the period. Kenya followed with 215 attacks; Ethiopia, Mali, South Africa, and the Central African Republic have a reasonable number of attacks. The year between 2014-2019 were the worst with Nigeria witnessing a sharp increase in terrorism, to the tune of 3017 attacks. Sudan followed with 636 attacks, while Ethiopia and Uganda suffered the lowest, 59 attacks between 2014-2019.

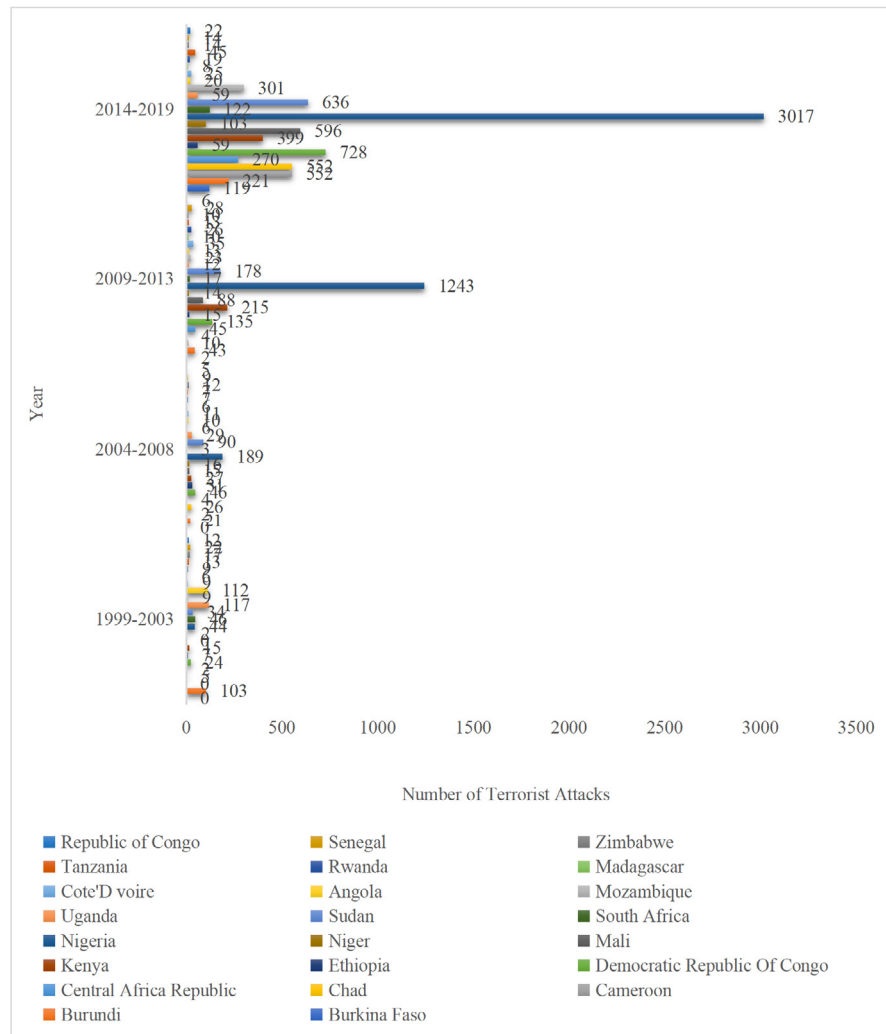


Figure 2: Number of Reported Terrorist Attacks in the selected Sub-Saharan Africa from 1999-2019.
[Source: Authors compilation from the Global Terrorism Database (2019) [6].]

2. Aims and Objective

The aim of this study is to highlight the level of terrorist activities and its economic costs in Sub-Saharan Africa. It does so by analyzing the political economy of the terrorism and its economic costs at SSA sub region. The analysis helps to understand level of terrorist activities in the region and how much it cost regional economy. The study is expected to identify the role of international organizations, government, and community in providing solutions to the menace of terrorism in SSA.

3. Approach and Methods

This study employed a political economy approach. Data were obtained from data banks of world economic indicators, Global Terrorism Database, Global Terrorism Index and SIPRI. Political economy approach is often employed in diagnosing trend of terrorism and its economic impact, identifying solutions to them or developing strategies to address the challenges.

4. Economic Costs of Terrorism in Sub-Saharan Africa

4.1. Destruction of Infrastructure

Physical Damage: Terrorist attacks often result in the destruction of critical infrastructure such as roads, bridges, and schools. For example, Boko Haram's attacks have led to significant destruction in north-eastern Nigeria, hampering transportation and commerce. Governments must allocate substantial funds to rebuild destroyed infrastructure, diverting resources from other developmental projects to reconstruction.

4.2. Human Life Losses Displacement of the Populace

Loss of life, casualties and the displacement of populations reduce the workforce and disrupt local economies. Displaced persons often lose access to employment, education, and healthcare. casualties increased healthcare costs arise from treating victims of terrorism and addressing the long-term psychological impact on populations.

4.3. Reduced Foreign Direct Investment (FDI) and Trade Disruptions

Terrorism creates a perception of instability, deterring foreign investors' confidence in return to investment. The SSA countries have experienced have seen declines in foreign investment inflow and high capital flight. Domestic investors may also transfer their assets abroad to safer environments, leading to capital flight. The resources allocated to military also crowd out investment. Because, public resource meant for provision of infrastructure for meaningful development are diverted to defence sector. Terrorist activities disrupt supply chains, affecting trade. For instance, attacks in the Sahel region have disrupted trade routes, impacting regional commerce. Heightened security measures increase the cost of trade, as businesses invest in additional security for transportation and logistics.

4.4. Military Spending and Crowds-Out Effect

Despite huge infrastructural deficit in the sub-Saharan African

countries, huge amount resources were expended on military services from public accountants of SSA countries. Figure 3 shows the trend of military spending in the selected sub-Saharan African countries between 1999 and 2019. The countries are selected based on the ranking global terrorism index ranking (as the countries with highest and lowest terrorism incidence in the SSA region) and availability of data. In 1999, Angola, Sudan, South Africa and Nigeria were the biggest spenders, investing 4520, 2308, 2044 and 1141 million dollars respectively in 1999. Burkina Faso, Burundi Chad, Central African Republic, Mali, Mozambique, Madagascar, and Niger spends less than \$100 million each in 1999. In 2008, Sudan led the spending with US\$ 6974, followed by South African's US\$ 3317, then Angola's US\$ 3212 and Nigeria's US\$ 1705. Additionally, Kenya and Chad spend \$760 and \$661 respectively, while other countries devote less than \$500 million. In 2014, Angola, Sudan, South Africa and Nigeria maintain the lead in this order. The military expenditures of almost all the countries declined in 2019.

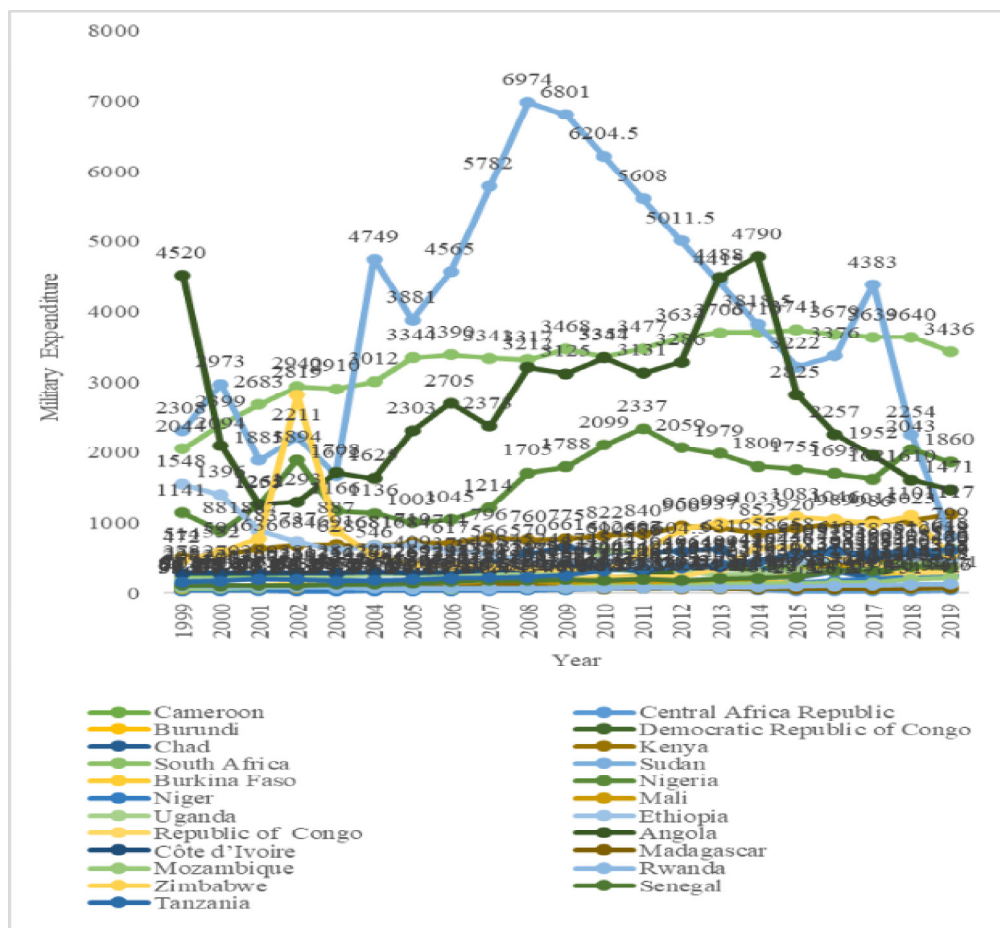


Figure 3: Military Expenditure of the Selected Sub-Saharan African Countries
[Source: Authors compilation from SIPRI Military Expenditure Database.]

Precisely, Figure 4 displays the military spending (% of GDP) of Sub-Saharan Africa¹ (SSA) from 1999 to 2019. The picture shows that the highest military burden was in 1999, which account for

1.93 per cent of the sub-region's GDP. The lowest allocation was represented by 1.01 per cent of 2019. [8].

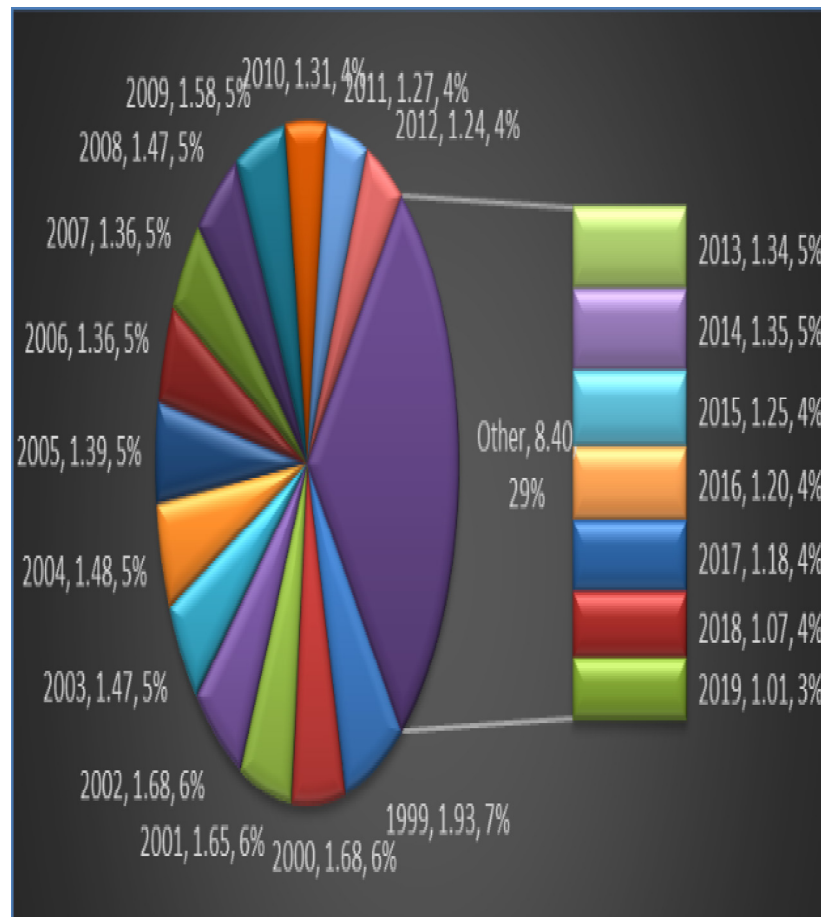


Figure 4: Military Expenditure (% GDP) of SSA from 1999-2019
[Source: Authors compilation from [9,10].]

Decline in Tourist Arrivals is another significant effect of terrorism in SSA. Countries like Kenya and Tanzania have seen declines in tourism revenues following terrorist attacks. Tourism is a major source of income and employment in many sub-Saharan African countries. Revenue Losses reduced tourist arrivals lead to significant revenue losses in the hospitality and service sectors.

4.5. Agriculture

Disruption of Farming Activities is another point where terrorists' activities negate economies in the SSA. Terrorist often forces farmers to abandon their land, leading to reduced agricultural output. In regions like the Lake Chad Basin, Sokoto Rima Basin etc. agricultural activities have been severely disrupted and declined. This Reduced agricultural production exacerbates food insecurity, increasing dependency on food imports and aid. The revenue inflow from agricultural sector has drastically declined.

5. Policy Responses and Recommendations

5.1. Strengthening Security Measures

Enhanced Counterterrorism Efforts: Governments need to invest wisely in effective counterterrorism strategies, including military and intelligence capabilities. Evidence from existing empirical investigation reveals that military expenditure in the midst of

terrorism affects economic growth and foreign direct investment favourably. Therefore, SSA countries with high level of terrorism can invest in defence in order to arouse investors' confidence and enhance economic growth.

5.2. Regional Cooperation

Enhancing cooperation among sub-Saharan African countries is crucial to combating transnational terrorist threats. This could be achieved through African Union, United nations and other international bodies.

5.3. Reducing Dependency on Vulnerable Sectors

Diversifying economies can lessen the impact of terrorism on specific sectors like tourism and agriculture. Diversification of productive sector will enhance economic growth in the region, increase the level of employment and reduce the level of poverty in the terrorised SSA countries. Investing in sectors less susceptible to terrorist attacks, such as technology and renewable energy, can provide more stable economic growth.

5.4. Community Engagement and Capacity Building

Engaging local communities in development projects can reduce the appeal of extremist groups. Similarly, the use of populace

in the community policing can reduce the menace of terrorism in the affected SSA countries. Programs aimed at building local capacities for governance, security, and economic management are essential

5.5. Social and Economic Development and International Support

Addressing root causes is another long-term solution to terrorism. This requires addressing underlying issues such as poverty, unemployment, and social inequality. Achieving this long-term solution is possible if issues that are associated social and economic development in SSA countries are solved efficiently. These issues can best be solved with the help of international support and engagements.

6. Conclusion

The economic costs of terrorism in sub-Saharan Africa are substantial and multifaceted. Addressing these challenges requires a comprehensive approach that includes strengthening security, promoting economic diversification, and addressing the socio-economic roots of terrorism. By adopting a holistic strategy, sub-Saharan African countries can mitigate the economic impacts of

terrorism and foster sustainable development.

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