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### **Abstract**

This study examines the socioeconomic impacts of fuel subsidy removal on living standards in Nigeria, analyzing the economic, social, and political implications, and critiquing social safety nets. The objectives include understanding the rationale for subsidy removal, assessing its impact on various socioeconomic indicators, and evaluating government interventions. Grounded in political economy theory, the study used closed-ended questionnaires with 250 purposively sampled respondents. The findings indicate that while subsidy removal aimed to address economic issues and reallocate resources, it led to reduced living standards, increased living costs, and perceived inadequacy of social protection programs. The study concludes that despite potential economic benefits, subsidy removal exacerbated poverty and inequality. Recommendations include comprehensive social security measures, investment in public transport, promotion of renewable energy, and improvements in governance and transparency.

**Keywords:** Akure, Fuel Subsidy Removal, Government, Living Standards, Poverty, Political Economy.

### **Introduction**

Nigeria, a country rich in abundant minerals, including oil and gas, is the largest producer of crude oil in Africa. The country has always supported domestic fuel prices to reduce their impact on the population. However, the future of fuel subsidies has been a topic of debate due to their significant fiscal cost and perceived inefficiencies in disbursement. The fuel subsidy regime began in the 1970s when the Nigerian government introduced subsidies to protect local prices from skyrocketing international oil prices. However, the subsidy has faced challenges such as corruption, inefficiency, and mismanagement, which have cost the government a lot of money and rendered the subsidy ineffective (Akinola, 2018).

The fuel subsidy controversy in Nigeria intensified in 2012 when the federal government announced its intention to remove fuel subsidies completely. This announcement generated massive protests in many states, with differing opinions on the effects of the withdrawal. Over time, the government partially funded the fuel subsidy, leading to an upward trend in fuel prices while maintaining subsidies for specific industry categories. Research on fuel subsidy in Nigeria relates to economic development and governance. According to Greve & Lay (2023), the Nigerian economy is highly vulnerable and heavily based on the oil industry, which generates most of the government revenue and exports. The decision to eliminate fuel subsidies in Nigeria is also influenced by the need to balance supply and demand in the global oil market.

The removal of fuel subsidies may lead to higher prices for Nigeria's basic needs, particularly affecting the poor populace. Importation of goods might also experience increased transportation costs, raising the prices of goods and services. The removal of fuel subsidies may also have

macroeconomic effects, such as enhanced government revenues for financing infrastructure, growth projects, and social necessities (Harun et al., 2018). The Nigerian Government's decision to partially deregulate the fuel market by reducing subsidies is influenced by economic, political, and social factors. Economically, the government argues that eliminating subsidies is necessary to reduce losses. Fiscally, subsidy reform is seen as a measure to contain the fiscal deficit and promote market reform. However, opposition from labor unions and civil society organizations has consistently resisted subsidy removal, fearing high costs for average Nigerian consumers.

Socially, the removal of fuel subsidies has led to increased prices for products and services, driven by higher transportation costs, making household expenditures more challenging. This paper seeks to examine the causes of fuel subsidy removal and the economic, social, and political implications on the standard of living of residents in Akure South Local Government Area of Ondo State. It aims to analyze how the removal of fuel subsidies affects the cost of living in the study area and evaluate the effectiveness of social protection programs in mitigating the impact on the poor and vulnerable in Nigeria.

## **Literature Review**

### **Conceptualization of Fuel**

Fuel is a crucial component of the Nigerian economy, used in vehicles, generators, and machinery for transportation, electricity generation, and other applications. Petroleum products like gasoline, diesel, and kerosene are widely used, with gasoline being the most common in cars, diesel in trucks, buses, and generators, and kerosene for cooking, lighting, and heating, especially in rural areas with limited electricity. Fuel prices directly impact the cost of living for Nigerians. According to Sami and Taiwo (2023), Nigeria, as one of the leading oil-producing countries, sees the oil and gas industry accounting for about 9% of its GDP and 55% of government revenue in 2023. Increased population and industrialization have driven higher fuel demand, particularly in the transportation sector.

The concept of fuel encompasses technical, economic, social, and environmental aspects. Economically, fuel is a market good influenced by availability, market trends, political instability, and policies. Environmentally, fuel combustion produces greenhouse gases and other pollutants. Fuel is vital to the Nigerian economy, and its availability and price significantly affect citizens' lives. Fuel subsidy removal is a key policy factor essential for understanding Nigeria's economy and future fuel price policies (Giwa et al., 2020). The efficiency of fuel use is also critical, with the Energy Return on Investment (EROI) metric assessing the net energy gain from different fuel sources. Some researchers argue that the declining EROI of conventional oil has significant implications for the global economy and energy systems (Hall et al., 2014).

### **Concept of Fuel Subsidy**

A fuel subsidy is a government strategy that lowers the price of fuel by providing financial support to retailers. Subsidies aim to ensure price stability, restore economic growth, and support vulnerable populations by protecting them from drastic price changes. Ighosewe, Akan, and Agbogun (2021) note that fuel subsidies in Nigeria are a contentious issue, with some advocating for their necessity to make fuel affordable, while others criticize them as inefficient and corrupt.

Fuel subsidies in Nigeria were introduced to cushion the effects of poverty and make petroleum products more affordable. Historically, the government purchased refined petroleum products at international prices and sold them domestically at lower prices, absorbing the difference as a subsidy (Adenikinju, 2009). However, subsidies are expensive and can divert investment from critical sectors like healthcare, education, and infrastructure (Gidigbi & Bello, 2020). They can also lead to market distortions and insufficient resources. Additionally, low-income individuals benefit less from subsidies compared to higher-income households.

The use of fuel subsidies in Nigeria dates back to the 1970s and has been plagued by inefficiency, corruption, and poor management. Efforts to deregulate and adjust prices have often led to public outcry. The impact of subsidies on economic development is debated, with some arguing that subsidies benefit higher-income individuals more than the poor and vulnerable who lack access to modern energy sources (Adedokun, 2023). This has led to calls for subsidy reforms or abolition, reallocating funds to targeted social protection programs.

The abolition of fuel subsidies is politically challenging as it can lead to immediate fuel price increases and higher living costs. Past attempts to remove subsidies in Nigeria have sparked national protests. Critics argue that addressing financial deficits requires subsidy abolition, efficiency promotion, and resource diversion to productive uses. Bankole (2023) notes that subsidy removal is often accompanied by social protection measures to mitigate the impact on the poor and vulnerable, such as cash transfers, food subsidies, or direct aid. The effectiveness of these programs depends on their design, implementation, and coverage.

Political economy issues complicate fuel subsidy reforms, with powerful interests benefiting from the status quo. Okogu (2012) highlights that Nigeria's dependence on oil revenue and lack of economic diversification necessitate fuel subsidies for social stability and price stabilization. Removing fuel subsidies is a complex issue with wide-ranging political, social, and cultural implications.

**Table 1: History of fuel subsidy removal in Nigeria**

Year	Administration	Event	Details
1978	General Olusegun Obasanjo	Introduction of Fuel Subsidy	Subsidies introduced to stabilize fuel prices and cushion the impact of global oil price fluctuations.
1993	General Ibrahim Babangida	Partial Removal	The pump price of petrol was increased from 20 kobo to 70 kobo per liter.
1994	General Sani Abacha	Partial Removal	Price of petrol increased from 70 kobo to ₦3.25 per liter.
1998	General Abdulsalami Abubakar	Partial Removal	Price of petrol increased from ₦3.25 to ₦11 per liter.
2000	President Olusegun Obasanjo	Partial Removal	Price of petrol increased from ₦11 to ₦20 per liter.
2003	President Olusegun Obasanjo	Partial Removal	Price of petrol increased from ₦20 to ₦26 per liter, and later to ₦40 per liter.
2007	President Umaru Musa Yar'Adua	Temporary Suspension of Subsidy Removal	The Yar'Adua administration froze further subsidy removal, maintaining the price at ₦65 per liter.
2012	President Goodluck Jonathan	Major Attempt at Full Removal	Price of petrol increased from ₦65 to ₦141 per liter, leading to widespread protests (Occupy Nigeria). Price was later adjusted to ₦97 per liter.
2016	President Muhammadu Buhari	Partial Removal	Price of petrol increased from ₦87 to ₦145 per liter.
2020	President Muhammadu Buhari	Deregulation and Further Removal	Price adjustments allowed in line with market realities, with prices fluctuating between ₦121 and ₦162 per liter.
2021	President Muhammadu Buhari	Introduction of the Petroleum Industry Act (PIA)	The PIA aimed to fully deregulate the downstream sector, removing subsidies, but full implementation faced delays.
2023	President Bola Ahmed Tinubu	Full Removal of Fuel Subsidy	The Tinubu administration announced the complete removal of fuel subsidies, leading to significant price increases and economic adjustments across various sectors.

(Table is author's findings)

### **Rationale for Fuel Subsidy Removal in 2023**

The discontinuation of fuel subsidies under President Bola Ahmed Tinubu's administration is driven by several economic, fiscal, and policy factors addressing Nigeria's predominant issues. While the

aim of fuel subsidies has been to protect the population from high fuel prices and stabilize the economy, they have increasingly been perceived as detrimental to the country's financial standing. The key reasons for the removal include:

1. **Economic Sustainability:** One primary objective of subsidy removal is economic sustainability. Nigeria has struggled with the fiscal cost of subsidizing fuel, costing billions of dollars annually. These subsidies have strained financial balances, resulting in deficits that hinder the government's ability to invest in key areas like infrastructure and social amenities (Oloredo, 2023). Both the International Monetary Fund (IMF) and the World Bank have long urged Nigeria to reform subsidies, arguing that resources could be better spent on developmental projects, which would be more beneficial in the long run (IMF, 2023; World Bank, 2022).
2. **Reducing Fiscal Deficit:** The policy also aims to reduce the fiscal deficit by eliminating fuel subsidies. Nigeria has frequently faced budget deficits, with fuel subsidies playing a significant role. Removing these subsidies is expected to free up substantial financial resources (Evans et al., 2023). The Nigerian National Petroleum Corporation (NNPC) reported that the subsidy costs approximately ₦1.2 trillion annually. Eradicating this expenditure is anticipated to stabilize the economy, reduce borrowing, and improve the country's fiscal situation (NNPC, 2023).
3. **Encouraging Investment in the Oil Sector:** Another reason for subsidy removal is to attract investment in Nigeria's oil and gas industry. Subsidies have distorted market efficiency, deterring private sector investment in refining and distribution infrastructure. This has led to Nigeria importing most of its refined products despite being a major crude oil exporter. Deregulating the downstream sector is expected to encourage both local and international investors, enhancing competition and efficiency, and ultimately reducing prices through market forces (The Guardian Nigeria, 2023).
4. **Alignment with Market Realities:** Removing subsidies aligns fuel prices with market standards. Subsidized fuel has often been sold at much lower prices than international rates, leading to smuggling and significant revenue loss for the government. By eliminating these distortions, the government aims to ensure accurate resource allocation within the economy (Vanguard, 2023).
5. **Social Equity and Targeted Assistance:** President Tinubu's administration has highlighted social justice as a reason for removing subsidies. Fuel subsidies have disproportionately benefited wealthier individuals and urban residents who consume more fuel. Eliminating these subsidies allows funds to be redirected towards social projects that better serve the needs of the disadvantaged, thereby promoting social equity (Bankole, 2023).
6. **Global Best Practices:** The decision to remove fuel subsidies is also based on the best practices of other countries that have reformed their fuel subsidies, leading to improved fiscal balance and economic development. Nigeria aims to replicate these successes by implementing comprehensive reforms to address structural flaws in its energy sector (BBC News, 2023).

### Theoretical Framework

Political Economy Theory is an interdisciplinary approach combining sociology, economics, and political science to understand the interconnections among economic structures, societal conditions, and political institutions (Caporaso & Levine, 1992). Classical economists such as Karl Marx, Adam Smith, and David Ricardo have significantly contributed to this theory. In his seminal work "The Wealth of Nations" (1776), Adam Smith, often referred to as the father of modern economics, established foundational principles emphasizing free markets and the division of labor, which promote

economic efficiency and wealth creation. Conversely, Marx focused on the state's role in perpetuating inequalities between classes within the capitalist system (Marx, 1867).

Political economy theory examines how political institutions, political environments, and economic forces influence each other and the distribution of resources and income inequalities within society (Acemoglu & Robinson, 2013). It asserts that political decisions significantly impact economic outcomes and vice versa. Governments use policies, regulations, and fiscal actions to influence markets, while economic conditions affect political stability and policy choices. The theory also highlights power relationships in resource allocation, suggesting that political entities often shape economic policies to favor their interests, leading to unequal resource distribution and social inequalities.

This theory underscores the importance of institutions for economic performance. Strong institutions foster economic growth by providing stability, essential for investment and development, while weak institutions lead to corruption, inefficiency, and stagnation. Critics argue that the theory focuses excessively on power struggles and political factors, sometimes overlooking market mechanisms and efficiency. Additionally, its interdisciplinary nature can be seen as lacking specificity and clear policy recommendations. Nonetheless, Political Economy Theory offers valuable insights into the socio-economic implications of fuel subsidy removal in Nigeria by analyzing the interplay between political decisions and economic policies and their societal impacts (Adenikinju, 2009).

The decision to remove fuel subsidies in Nigeria is intricately tied to political and economic factors. Political leaders, facing internal economic challenges and external pressures from international financial institutions, opted to eliminate subsidies to address budget deficits and spur economic reforms. This aligns with the theory's assertion that political decisions significantly impact economic policies. The removal of fuel subsidies also affects resource allocation in Nigeria. While the government claims it can redirect subsidy savings to crucial sectors like education, health, and infrastructure, the immediate consequences are often felt by low-income individuals through increased transportation costs and higher prices of goods and services. This exemplifies how political choices can result in uneven resource distribution and exacerbate social inequalities.

### **Methodology**

This study employs a quantitative research design conducted primarily in Ondo State, specifically targeting residents within the Akure South Local Government Area (LGA). Akure South LGA, located in the southwestern part of Nigeria, serves as the headquarters for Akure, the capital city of Ondo State. It is strategically positioned, making it a focal point for political, economic, and social activities in the state. Neighboring LGAs include Ifedore to the west, Idanre to the south, and Akure North to the north. According to the National Bureau of Statistics (NBS, 2006), Akure South had an estimated population of 360,268.

A purposive sample size of 250 residents was selected to ensure diverse representation within the local government area. The primary data collection instrument was a structured questionnaire. Data was tabulated and analyzed using simple percentage calculations, and mean ranking was employed to determine the relative importance or preference of different factors provided. All 250 distributed questionnaires were returned and analyzed. The use of closed-ended questions ensured the reliability of responses and minimized irregularities.

## Findings and discussion

**Research Question One:** Why was fuel subsidy removed in Nigeria?

**Table 2: reasons for fuel subsidy removal in Nigeria.**

Statements	Response							Mean Ranking
		SA	A	UN	D	SD	Total	
The removal of fuel subsidies in Nigeria was necessary to address economic challenges.	F	72	67	11	72	28	250	3.332
	%	28.8	26.8	4.4	28.8	11.2	100.0	
The government's decision to remove fuel subsidies was influenced by external pressures (e.g., international financial institutions).	F	50	71	8	70	51	250	2.996
	%	20.0	28.4	3.2	28.0	20.4	100.0	
Fuel subsidy removal in Nigeria was a response to inefficiencies in the subsidy system.	F	92	34	14	61	49	250	3.236
	%	36.8	13.6	5.6	24.4	19.6	100.0	
The removal of fuel subsidies was driven by the need to redirect resources to other sectors for development.	F	106	22	7	79	36	250	3.332
	%	42.4	8.8	2.8	31.6	14.4	100.0	
The removal of fuel subsidies was a politically motivated decision.	F	57	61	11	39	82	250	2.888
	%	22.8	24.4	4.4	15.6	32.8	100.0	
The removal of fuel subsidies was necessary to address corruption and inefficiencies in the subsidy system.	F	149	27	9	27	38	250	3.888
	%	59.6	10.8	3.6	10.8	15.2	100.0	
Averaged Total	F	136	112	60	36	54	250	
	%	34.2	28.1	15.1	9.0	13.6	100.0	

Source: Field Survey, 2024

A comprehensive examination of the reasons for the removal of fuel subsidies in Nigeria, as perceived by respondents, is presented in Table 2. The most highly ranked statement was, "The removal of fuel subsidies was necessary to address corruption and inefficiencies in the subsidy system," with these factors strongly believed to be essential by respondents. This also necessitated the removal of fuel subsidies to deploy funds into other sectors for development and to mitigate economic challenges. However, external pressures do not appear to be the main driver for removing fuel subsidies, as indicated by the lowest ranking for the statement, "The removal of fuel subsidies was a politically motivated decision." The highest number of respondents agreed that "subsidies in petroleum products had been eliminated because it became imperative to deal with corruption within the system and wastefulness," with 34.2% strongly agreeing and 25.4% agreeing.

**Research Question Two: What are the impacts of the removal of fuel subsidy removal on the living standards of residents of Akure South Local Government?**

**Table 3: What are the impacts of the removal of fuel subsidy removal on the living standards of residents of Akure South Local Government?**

Statements	Response							Mean Ranking
		SA	A	UN	D	SD	Total	
The removal of fuel subsidies has led to an improvement in the Nigerian economy.	F	59	42	10	42	97	250	2.696
	%	23.6	16.8	4.0	16.8	38.8	100.0	
The removal of fuel subsidies has had a positive impact on social services in Nigeria	F	79	41	6	53	71	250	3.016
	%	31.6	16.4	2.4	21.2	28.4	100.0	
The removal of fuel subsidies has increased political stability in Nigeria.	F	18	42	7	75	108	250	2.148
	%	7.2	16.8	2.8	30.0	43.2	100.0	
The removal of fuel subsidies has worsened the standard of living for the average Nigerian.	F	117	61	9	21	42	250	3.76
	%	46.8	24.4	3.6	8.4	16.8	100.0	
The removal of fuel subsidies has led to increased levels of poverty in Nigeria.	F	87	22	11	58	72	250	2.976
	%	34.8	8.8	4.4	23.2	28.8	100.0	
The removal of fuel subsidies has led to an increase in job opportunities in Nigeria.	F	71	29	10	41	99	250	2.728
	%	28.4	11.6	4.0	16.4	39.6	100.0	
Averaged Total	F	136	112	60	36	54	250	
	%	34.2	28.1	15.1	9.0	13.6	100.0	

Source: Field Survey, 2024

Table 3 highlights the economic, social and political effect of fuel subsidy removal on Nigerians' way of life. It is observed that the average Nigerian has a worse standard of living as more Nigerians are now considered poor due to the withdrawal of fuel subsidies. Conversely, some respondents argue that the removal of fuel subsidies had positive effects on social services and employment opportunities. The lowest mean ranking of 2.148 indicates that people who participated in this survey do not perceive an improved political stability as a result of subsidy removals. The statement with most agreements is "the removal of fuel subsidies has worsened the standard of living for the average Nigerian" which got 34.2% strongly agreeing and then 28.1% agreeing. In general, responses suggest that many Nigerians' lives have become more difficult since removing fuel subsidies.

**Research Question Three: In what ways does the effect of the removal of fuel subsidy correspond with the hike in the cost of living in Akure South?**

**Table 4: removal of fuel subsidy affects the rise in the cost of living in Akure South.**

Statements	Response							Mean Ranking
		SA	A	UN	D	SD	Total	
The removal of fuel subsidies has directly contributed to the increase in the cost of living in Akure South	F	127	17	7	52	47	250	3.5
	%	50.8	6.8	2.8	20.8	18.8	100.0	
The removal of fuel subsidies has had a minimal impact on the cost of living in Akure South.	F	49	52	18	107	24	250	2.98
	%	19.6	20.8	7.2	42.8	9.6	100.0	
The removal of fuel subsidies has affected the cost of living differently in urban and rural areas.	F	124	17	5	25	79	250	3.33
	%	49.6	6.8	2.0	10.0	31.6	100.0	
The removal of fuel subsidies has led to an increase in transportation costs for residents of Akure South.	F	109	41	9	42	49	250	3.48
	%	43.6	16.4	3.6	16.8	19.6	100.0	
The removal of fuel subsidies has affected the prices of other goods and services in Akure South.	F	189	21	1	12	27	250	4.332
	%	75.6	8.4	0.4	4.8	10.8	100.0	
Averaged Total	F	120	30	8	47	45	250	
	%	48.0	12.0	3.2	18.8	18.0	100.0	

Source: Field Survey, 2024

Table 4 presents a list of replies on how fuel subsidy deletion affected the cost of living in Nigeria. The highest mean ranking which is 3.5 shows that this removal is directly connected with increased living cost. On average respondents ranked it as 3.33, showing that where one stays has its own effect on the issue. Some respondents pointed out a change in public transport costs while others felt that there was little or no impact at all. The highest mean rank of 4.332 means that removal of fuel subsidies influenced prices for other goods and services available in Nigeria, with a mean ranking of 4.332. "The removal of fuel subsidies has affected the prices of other goods and services in Nigeria" is the most agreed upon statement, strongly agreeing by 75.6% and agreeing by 8.4%. The total average gives an overview for all responses with "the removal of fuel subsidies" being the most agreed upon statement.

**Research Question Four: To what extent do cash transfer social protection programs mitigate the effect of fuel subsidy removal on the poor and vulnerable in Akure South?**

**Table 5: Effectiveness of social protection programs in mitigating the impact of fuel subsidy removal on the poor and vulnerable in Akure South.**

Statements	Response							Mean Ranking
		SA	A	UN	D	SD	Total	
Social protection programs in Nigeria have effectively mitigated the impact of fuel subsidy removal on the poor.	F	81	21	7	33	108	250	2.736
	%	32.4	8.4	2.8	13.2	43.2	100.0	
Social protection programs in Nigeria have been inadequate in addressing the impact of fuel subsidy removal on the poor.	F	61	27	18	127	17	250	2.952
	%	24.4	10.8	7.2	50.8	6.8	100.0	
Social protection programs in Nigeria have targeted the most vulnerable populations affected by fuel subsidy removal.	F	94	29	11	29	87	250	3.056
	%	37.6	11.6	4.4	11.6	34.8	100.0	
Social protection programs in Nigeria have increased the resilience of the poor and vulnerable to economic shocks.	F	172	17	4	21	36	250	4.072
	%	68.8	6.8	1.6	8.4	14.4	100.0	
Social protection programs in Nigeria have contributed to reducing poverty levels despite fuel subsidy removal.	F	74	31	19	73	53	250	3.0
	%	29.6	12.4	7.6	29.2	21.2	100.0	
Social protection programs in Nigeria have been well-targeted to reach those most in need.	F	49	47	10	79	65	250	2.744
	%	19.6	18.8	4.0	31.6	26.0	100.0	
Averaged Total	F	89	28	12	60	61	250	
	%	35.6	11.2	4.8	24.0	24.4	100.0	

Source: Field Survey, 2024

The effectiveness of social protection programs in Nigeria in alleviating the impact of fuel subsidy removal on the poor was examined. Respondents generally acknowledged that these programs had some positive effects, albeit with concerns about their adequacy and targeting. The mean rank for "Social protection programs in Nigeria have effectively mitigated the effect of fuel subsidy removal on the poor" was 2.736, indicating moderate agreement. However, this suggests that these programs have not fully addressed the challenges associated with subsidy removal, as indicated by a higher mean rating of 2.952. Respondents felt that while these schemes assisted those affected by subsidy removal, they also helped build resilience against market risks affecting the poor and vulnerable. Furthermore, respondents agreed that these programs contributed to reducing poverty levels despite fuel subsidy removal, with a mean ranking of 3.0. The statement "Social protection programs in Nigeria have been well-targeted to reach those most in need" received a mean rank of 2.744, indicating that they were somewhat effective in targeting the intended beneficiaries. These findings



suggest the need for further evaluation and improvements to better support destitute Nigerians through these programs.

### **Summary of Findings**

From the analysis of the data in Table 2, several arguments explain why fuel subsidies were removed in Nigeria. Respondents perceived corruption and inefficiency in the subsidy system as primary reasons for subsidy removal, aligning with scholarly views. For example, Adenikinju (2009) identified the Nigerian fuel subsidy system as prone to inefficiencies and corruption, sentiments echoed by Okonjo-Iweala (2018). Similarly, redirecting resources to other sectors for development, the second most common reason, aligns with Onyishi et al. (2012), who argued that subsidy costs constrained investment in critical sectors like education and health.

However, respondents ranked external pressures (international organizations) as a less significant driver of subsidy removal, contrary to assertions by scholars like Obi (2010). The relatively low ranking of political motivations also contrasts with previous research by Adebayo (2011), highlighting differing perceptions on the influence of political factors in Nigerian economic policy.

The varying responses to whether subsidy removal was necessary to address economic shocks reflect the complex socio-economic context in Nigeria. Iwayemi & Fowowe (2011) caution that while subsidy removal may benefit long-term economic development, its short-term impacts on living costs and economic stability should not be underestimated. Gbadebo and Chinedu (2009) emphasize that the fuel subsidy issue in Nigeria intersects with broader economic, governmental, and societal dimensions.

### **Discussion of Findings on Research Question Two**

Data in Table 3 demonstrate mixed effects of fuel subsidy removal on the quality of life in Nigeria. The study reveals a generally negative impact on the average Nigerian's standard of living, consistent with concerns raised by Adelabu (2012) about increased living costs, especially for vulnerable groups. The perception of increased poverty levels (43.6% combined strongly agree and agree) aligns with Siddig et al. (2014), who predicted short-term hardships following subsidy removal.

However, there is disagreement on whether subsidy removal has improved the Nigerian economy, with 55.6% disagreeing. This contrasts with the views of economists like Adenikinju (2009), who foresee potential long-term economic benefits. Mixed sentiments regarding the impact on social services (48% agree or strongly agree vs. 49.6% disagree or strongly disagree) underscore the redistributive effects of subsidy removal, as noted by Onyishi et al. (2012).

The relatively low responses on political stability implications (24% strongly agree and 4% agree) highlight ongoing uncertainties, echoing arguments by Obi (2010) that fuel subsidy issues in Nigeria are inherently political.

While proponents of fuel subsidy removal cite potential benefits for social services and economic improvements, the average Nigerian often perceives worsened living standards post-removal. This underscores the importance of effective strategies and robust social protection policies, as advocated by Iwayemi & Fowowe (2011), to mitigate short-term challenges arising from subsidy removal.

### **Discussion of Findings on Research Question Two**

Table 3 presents data on the varied impacts of fuel subsidy removal on the quality of life in Nigeria. The study reveals predominantly negative effects on the average Nigerian, with some positive impacts noted on social services and the economy. A significant 71.2% of respondents agreed that the removal of fuel subsidies worsened the standard of living, consistent with Adelabu's (2012) concerns about increased living costs, particularly for vulnerable groups. The perception of heightened poverty levels (43.6% combined strongly agree and agree) aligns with predictions by Siddig et al. (2014) regarding short-term increases in poverty, affecting urban poor and middle-income earners.

However, there is disagreement regarding whether subsidy removal enhanced the Nigerian economy, with 55.6% disagreeing. This contrasts with views from economists like Adenikinju (2009), who foresee potential long-term economic benefits. Mixed feelings on the impact on social services (48% agree or strongly agree vs. 49.6% disagree or strongly disagree) reflect the redistributive effects of subsidy removal, as argued by Onyishi et al. (2012).

The low responses on political stability implications (24% strongly agree and 4% agree) support the view that fuel subsidy issues in Nigeria are highly politicized, according to scholars such as Obi (2010). Overall, despite perceived benefits for social services and potential economic improvements, the removal of fuel subsidies is generally seen as detrimental to the average Nigerian's standard of living. This underscores the need for effective strategies and robust social protection policies, as emphasized by Iwayemi & Fowowe (2011), to mitigate short-term challenges arising from subsidy removal.

### **Discussion of Findings on Research Question Three**

Table 4 provides insights into public perceptions regarding the effects of fuel subsidy removal on living costs in Nigeria. The data suggest that subsidy removal significantly impacts various aspects of daily life in Nigeria. Notably, 84% of respondents (combined strongly agree and agree) believe that removing fuel subsidies has increased prices of other goods and services, aligning with Adenikinju's (2009) assertion that fuel price increases have multi-dimensional impacts on transport and electricity costs in Nigeria.

The overall mean score of 57.6% (combined strongly agree and agree) on fuel subsidy removal directly contributing to higher living costs supports Onyishi et al.'s (2012) findings on increased transportation and goods prices. The differentiated impacts between urban and rural areas (56.4% combined strongly agree and agree) underscore disparities noted by Siddig and Obayes (2014), who highlighted varied impacts across different population groups and regions.

Regarding the perception that fuel subsidy removal had a negligible impact on the cost of living, 40.4% agreed or strongly agreed, while 52.4% disagreed or strongly disagreed. This reflects diverse socio-economic perceptions, as noted by Okonjo-Iweala (2018), regarding the policy's effects across different segments of society.

The data reveal significant agreement among respondents that fuel subsidy removal has substantially increased the cost of living in Nigeria, particularly impacting transport and household budgets. These findings underscore the policy's far-reaching economic implications and its differential impacts across urban and rural areas.

### **Recommendations**

1. **Implement Comprehensive Social Safety Nets:** The removal of fuel subsidies in Nigeria may disproportionately affect vulnerable groups in the short term. Establishing inclusive social safety nets is crucial to mitigate these impacts. Measures such as direct cash transfers to poor households, subsidies on essential goods like food and transportation, and support for small and medium enterprises (SMEs) facing increased operational costs should be prioritized. Expanding existing programs like the National Social Investment Program (NSIP) can ensure broader coverage and effectiveness. Redirecting subsidy savings into these safety net mechanisms will help alleviate poverty and foster equitable economic outcomes.
2. **Invest in Infrastructure and Public Transportation:** Given the significant impact of fuel price increases on household budgets, particularly for the underprivileged, investment in public transportation infrastructure is essential. Increasing government spending on mass transit systems such as buses, trains, and other forms of public transport can provide affordable alternatives to private vehicles. Infrastructure development should include rural areas to

mitigate disproportionate impacts on remote communities. Initiatives like pedestrian-friendly pathways and dedicated lanes can promote non-motorized transport options like walking and cycling, reducing reliance on fossil fuels.

3. **Promote Adoption of Renewable Energy and Energy-Efficient Technology:** Encouraging the adoption of renewable energy sources and energy-efficient technologies is critical for long-term energy sustainability and cost reduction. Initiatives could include providing low-interest loans for installing solar panels and energy-efficient appliances, as well as setting energy efficiency standards for buildings and industries. Supporting regional development of renewable energy sectors not only stimulates economic growth and job creation but also contributes to a more sustainable energy landscape.
4. **Enhance Transparency and Governance in the Energy Sector:** Effective governance and transparency are essential for optimizing the utilization of funds saved from subsidy removal. The government should establish robust regulatory frameworks to oversee the downstream petroleum sector, ensuring fair competition and preventing market manipulation. Transparent measures such as publishing detailed reports on fund allocation and utilization will enhance public trust and accountability. Strengthening oversight bodies like the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) with enhanced supervisory capacities and involving private sector and non-state organizations in monitoring mechanisms will further improve governance and efficiency.

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