SOCIO-ECONOMIC EFFECT OF FUEL SUBSIDY REMOVAL IN OREDO LOCAL GOVERNMENT AREA

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BEING A RESEARCH PROPOSAL WRITTEN IN THE DEPARTMENT OF POLITICAL SCIENCE AND PUBLIC ADMINISTRATION, FACULTY OF SOCIAL AND MANAGEMENT SCIENES, IN PARTIAL FULFILLMENT OF REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M.SC) IN PUBLIC ADMINISTRATION, BENSON IDAHOSA UNIVERSITY, BENIN CITY, EDO STATE, NIGERIA

JULY, 2026

DECLARATION

I hereby declare that this dissertation, titled "Socio-Economic Effects of Fuel Subsidy Removal in Oredo Local Government Area", was undertaken by me, Elias Otono. It is an original work that has not been published, in whole or in part, nor submitted elsewhere for the award of any degree. All sources of data and materials used have been properly cited and duly acknowledged.

_____ _____

Elias Otono Date

CERTIFICATION

This is to certify that the undersigned thesis was conducted by Elias Otono and has satisfied the required standards in scope and quality for the partial fulfilment of the requirements for the award of a Master of Public Administration degree in the Department of Political Science and Public Administration, Benson Idahosa University, Benin City, Edo State.

_____ _____

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_____ _____

Dr. Henry M. Obasogie **Date**
Head of Department

DEDICATION

I dedicate this work to all unions and non-state actors whose tireless efforts and advocacy continue to promote equity, justice, and the realization of a better society for all in Nigeria.

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ABSTRACT

This study examines the socio-economic effects of fuel subsidy removal in Oredo Local Government Area. For decades, fuel subsidy has been a key feature of Nigeria's petroleum sector, aimed at reducing the cost of petroleum products and easing the financial burden on citizens. Its removal, however, has generated significant debate due to its wide-ranging implications for economic stability and public welfare. While existing studies have explored fuel subsidy policies in Nigeria, limited attention has been given to their specific impact on local communities and grassroots economic development.

To address this gap, the study critically analyzes the socio-economic conditions of residents in Oredo following subsidy removal. It relies on secondary data drawn from academic literature, journals, newspapers, government publications, and relevant dissertations.

Findings indicate that successive governments have implemented various subsidy reforms in response to fiscal pressures, global oil price fluctuations, and economic restructuring needs. However, subsidy removal has led to increased transportation costs, higher prices of goods and services, and greater economic hardship for many households. It also affects public perception of government policies and overall social welfare at the local level.

The study concludes that although subsidy removal may be economically justified, its effectiveness depends on the adoption of transparent policies and robust social protection measures. It recommends that future reforms incorporate sustainable economic strategies, clear public communication, and targeted support for vulnerable populations.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

It is no longer a revelation that many industrialised and emerging countries subsidize the production and consumption of fossil fuel. Such subsidies take an extensive variety of forms like direct budgetary allocations, tax immunities, and charges control. According to Von "People can rely on subsidies if at least these subsidies can lead to an improvement in social welfare. However, the general agreement is that fossil-fuel subsidy has a negative effect not only to the individual country but also to the global level" (Von Moltke et al, 2004). Koplow and Dembach stated that "changing fossil-fuel prices through subsidies will lead to market distortions whose consequences reach far beyond the specific policy objective that the subsidy is trying to achieve. The environmental, economic, and social impacts of these distortions are wide-ranging and, in many cases, result in increased energy consumption and GHG emissions, more pressure on government budgets, funds diverted from social sectors like healthcare and education, and lowering the profitability of alternative energy sources" (Koplow and Dembach, 2001)

Burnianx is of the opinion that "the intention of removing fossil-fuel subsidies is seen by many as a win-win measure that benefits both the global economy and the environment, hence it is seen as a "no regret" option for climate change migration" (Burnianx et al, 2009). Conversely, the elimination of fossil-fuel aids will cause an upsurge in fossil-fuel values in those countries where subsidies currently lower consumer prices. On the one hand, higher prices will discourage consumption. On the other hand, if consumption is discouraged, then greenhouse gas emissions will be reduced. Along the same lines, subsidies removal would mean the elimination of a very

costly drain on the government budget. Therefore, it can be concluded that in relations of cost to the government and in terms of distortions to the economy, the elimination of fossil-fuel aids remains one of very few options by governments to reduce their GHG emissions that appears to be cost effective and least distortionary. (Gallagher 2007 Fisher and Toman, 2010; Horlick and Clarke, 2017), assert that "Because subsidies are normally given as" supplies of goods or services at prices below cost or, more generally, prices not reflected at market conditions, they are widely used as a form of economic policy tools with significant impacts on industries, consumers, and overall economic performance. They serve various purposes, including stimulating growth, correcting market failures, and ensuring access to essential services" Through subsidies reduction and by making investments more attractive, governments are able to increase productivity, help innovation and, in general, create greater social welfare.

Alemika and Aiyede pointed out that "fuel subsidies in the form of Premium Motor Spirit (PMS) or petrol, have been at the heart of economic policy discourse in Nigeria for a long time. As an oil producing country, Nigeria saw fuel subsidies as a way of using oil revenues to the benefit of all Nigerians and keeping fuel prices low and affordable to the citizens" (Alemika and Aiyede, 2012; National Bureau of Statistics, 2021). Falana and Ojo responded that "over the years, these subsidies had a grip on economic activities, business operations and government finance in Nigeria. However, the fuel subsidy system of Nigeria has always been a subject of public outcry. The removal of subsidy in January 2012 resulted in a huge price hike, a country-wide protest, and the public discussion has been so intense and persistent. Initially fuel subsidies were introduced as a temporary measure during refinery rehabilitation, the subsidy regime got entrenched and while it provided short term relief, at the same time it also led to corruption, inefficiency, and fiscal strain.

The Nigerian government came to the realization that by 2022, fuel subsidies would cost Nigeria about $10 billion every year, thus heavily saddling public finances" (Falana and Ojo, 2023).

Yemi, Ukwayi and Okpa stated that "with the new leadership of President Bola Ahmed Tinubu who took over in May 2023, the removal of subsidy was made a national priority by his administration. Even though ending subsidy is likely to lead to a sudden rise in inflation, which is estimated to push the prices up to around 30% in mid-2023, the World Bank and various other analysts expect the prices to be stable after that" (Yemi et al. 2023; Ukwayi and Okpa. 2017).

1.2 Statement of the Problem

The elimination of fuel subsidy has elicited intense discussions in Nigeria for many years. Initially, subsidies on fuel were introduced in Nigeria in the 1970s as a measure to respond to the 1973 oil price shocks. According to Ude, "fuel subsidies are a policy tool to mitigate the effects of rising petroleum products on household and business, particularly small and medium scale enterprises (SMEs), which are the main drivers of Nigerian economy. Fuel subsidies were seen as a way to keep fuel prices stable, to control inflation and to help citizens financially. Also, from the perspective of SMEs, fuel subsidies lead to lower operating costs, thus transportation becoming cheaper and distribution activities are also facilitated" (Ude, 2023). Besides, fuel subsidies are a way for the government to lessen the price of fuel through monetary aid to oil companies, that is, direct payments. By making fuel cheaper, subsidies particularly benefit the consumers, many of whom are Nigerians. As a major crude oil producer in Africa, Nigeria relies heavily on it for socio-economic development. Regrettably, the incessant effect of fuel subsidy on Nigeria's budget in recent feature is still a very pressing issue open for research, especially in view of the existing debate among the various stakeholder groups in the Nigerian Project environment.

The requirement and necessity of fuel subsidy were basically meant to keep petroleum products prices at a stable level and shield consumers from the very changing prices of oil in the world. Nevertheless, that subsidy has been the target of several criticisms for deepening fiscal deficits, messing up market prices of fuels, and shifting funds from the important sectors of the Nigerian economy. In addition to the fact that fuel subsidy was meant to decrease the high price of fuel, Nigerian situation has been such that there are inefficiencies like smuggling, lack of management, and overdependence on oil exports, which have made the country susceptible to changes in the world-wide prices of oil. This paper aims at understanding the complex socio-economic effects of fuel subsidy in Nigeria which is the research gap in the current literature as there is a need for the research to completely understand the social and economic impact of fuel subsidy removal on the Nigerian economy. Since President Bola Ahmed Tinubu announcement of the fuel subsidy elimination in Nigeria, there has been an explosion of comments, thoughts, and insights from not only professionals but also everyday citizens about the impact. Small business owners have been worried about the adverse effects of the escalation in prices of goods and services on their main source of income.

Another major issue is that the minimum wage, workers have suffered most of the blows. The least salary in Nigeria is set by the National Minimum Wage Act 2019 which also makes room for regular reviews. However, even with food prices constantly going up, there is no sign of a minimum wage review. Besides this, many federal government institutions, state local government and private sector organizations are still struggling with compliance. Most low-income earners in Nigeria are able to have only one meal a day which they get through borrowing or begging from those with higher incomes and also taking on extra work to make ends meet. For salary earners,

the idea of saving has become a myth, since their earnings are not even enough to cover for basic survival.

Umeji and Eleanya (2021) noted that, "Nigerian's oil wealth has not resulted in an increase in living standard even with the implementation of gasoline subsidy. However, they believe that if the government is transparent about how it will use the money saved for infrastructural development, the effect of eliminating the fuel subsidy could be lessened even if it may have serious consequences". And, Avaga and Okechukwu (2022) stated that "fuel subsidies in Nigeria encourage corruption as a group of corrupt individuals are said to be undermining efforts to keep the existing refineries operational and at the same time, prevent the construction of new ones so that the country is kept dependent on fuel imports. Plus, they give excuses for the retention of fuel subsidies for their own self-interest". Omotosho (2020) warns "that removing fuel subsidy could increase macroeconomic instability as energy prices and inflation may rise in Nigeria". McCullock, Moerenhout, and Yang (2021) have observed "that the majority of Nigerians are quite divided when it comes to the removal or reforms of fuel subsidies. Partly, this distrust is because there is a strong belief that the government is corrupt and incapable of successfully enacting transparent reforms and this has been ingrained in their minds for a long time".

1.3 Research Questions

The statement of the problem has resulted in the preparation of the following research questions:

1. What economic effects will the withdrawal of fuel grant have on the small and medium scale enterprises (SMEs) in Oredo local government area in Edo State?

2. In what way has the discontinuation of fuel subsidy impacted inflation, government revenue, and fiscal stability in Oredo local government area?

3. How significantly has fuel subsidy withdrawal affected inflation and pricing of goods and services in Oredo local government area?

4. What has been the impact of fuel subsidy elimination on the standard of living and purchasing power of low-income breadwinners in Oredo local government area?

5. To what degree can the public trust in government accountability and transparency as well as influence citizens' perceptions of fuel subsidy in Oredo local government area?

6. What steps can the government of Nigeria take to carry out subsidy removal and simultaneously reduce the negative socio-economic effects on workers and vulnerable groups in Oredo local government area?

1.4 Objective of the study

The main goal of the research is to investigate the socio-economic effects of subsidy exclusion in Nigeria, the results of which may be seen in:

1. To examine the influence of fuel subsidy withdrawal on the viability and growth of small and medium-sized enterprises (SMEs) in Oredo local government area.
2. Fuel subsidy elimination is a very tough economic decision and one of the key considerations of restructuring the Nigerian economy. To that end, this study set out to estimate the influence of the fuel subsidy exclusion on three key macroeconomic variables which are inflation, government income and economic stability in Oredo local government area.

3. This study aims at evaluating how significantly fuel subsidy exclusion has led to increase and price instability in Oredo local government area.
4. To find out why the federal government decided to remove fuel subsidy.
5. This is to carry out a study into the effect of government transparency and citizens' trust in government in determining people's attitude towards fuel subsidy removal in Oredo local government area.
6. This is to recognize the major marketing strategies and government programs which can help cushion the adverse effect of subsidy elimination on consumer's welfare and also the hardship experienced by the Nigerian public.

1.5 Significance of the Study

According to Nwachukwu "the importance of a research work is in how it adds to the existing knowledge and its influence on practitioner's, scholars', government and the larger society" (Nwachukwu, 2023). This research is very relevant for learning the consequences of ceasing subsidies on the behaviour of consumers in Oredo local government area, Edo State, Nigeria. Below are the major reasons why this research is important. Firstly, the research is centered on the exclusion of subsidies and its influence on consumer patterns and behaviour. By studying consumer responses to price increment and fuel affordability, the research reveals the effects of such policy changes on consumers' decision-making.

The research intends to highlight the effects of removing subsidy, like rising petrol prices, increased transportation expenses, and altering consumers' habit of purchase. Beside that, it is going to reveal marketing approaches and governmental efforts that could support consumers in their trials and at the same period decrease the negative consequences of subsidy removal. The

output of this research may serve as a guide for the government agents, commercial persons, and public officers who design public policies. By recognizing the influences of subsidy exclusion, the government of Nigeria and other parties may put forward the suitable plans to solve the problems of Nigerian people, especially those who are the most affected by the society. Proper and effective marketing strategies and government interventions, the paper aims at creating a more reasonable and economic atmosphere. By reducing the detrimental effects of subsidy elimination, the policymakers will be able to guarantee the availability of essential and affordable commodities to the population, which in turn contributes to social steadiness and economic security.

1.6 Scope of the Study

This study primarily aims at assessing the socio-economic impacts of fuel subsidy elimination in Nigeria. The study will explore the ways ordinary people understand, live, and react to the policy change. It is a fact that fuel subsidy elimination as a policy decision has the power to affect all sectors of the economy in the country but the effect is most evident in family, at the workplace, and public levels, particularly among the groups of low-income earners, small business owners, and daily wage workers, etc. Considering the size and diversity of the country, it will be foolhardy even to think of having all the citizens' experiences documented. On the other hand, this research is limited geographically to the Oredo Local Government Area of Edo State. The selection of the area for the study is appropriate as it presents a typical mixture of the urban and semi-urban population with traders, civil servants, transport workers, students and small business operators who are honestly affected by fluctuations in fuel costs.

The research exactly identifies the timeframe from the official elimination of fuel subsidy in May 2023 until now, allowing the author to examine the immediate as well as the continuous effects of

the policy. The researcher analyzes changes in the standard of living, the working of businesses, transportation costs, wage value, and the overall well-being of the people. Firstly, the present study is not concerned about fuel subsidy policies before 2023 nor does it evaluate other dissimilar economic reforms. Instead, it is a study of public awareness, experiences, and socio-economic realities of subsidy removal within the Oredo local government area.

1.7 Operational Clarifications

The following words are described based on their contextual meaning in this study as they will be used as follows:

Subsidy: Alozie describes subsidy as "any policy that results in consumers or producers paying less than the price of a good or product in the market. Subsidies can be in the form of grants, tax holidays or exemptions, price controls, etc"(Alozie, 2009). According to Oxford Advanced Learners Dictionary (2001), subsidy is "a sum of money paid by a government or an organization to help reduce the cost of a product or service so that their prices can be kept low". Besides, Bakare (2012) "emphasizes that to subsidize is to offer a product for a price less than the cost of production". Therefore, to subsidize fuel in Nigerian context means to make fuel available to the populace at a price less than the rate of importation.

Fuel subsidy removal: It is a phrase used to indicate complete stoppage of the use of government revenue to pay for the price difference of gasoline to consumers when prices are set below international levels.

Poverty: This is a complicated and multilayered problem that involves, to a certain extent, not having access to one's most essential necessities, such as, monetary resources, food and nutrition, housing and shelter, healthcare and sanitation, education and opportunities. Poverty can be divided

into two main forms, as follows; absolute poverty (deprivation of the most basic needs) and relative poverty (comparison with other members of the society).

Gross Domestic Product (GDP): This is probably the most common and useful single measure of a country's overall fiscal health and activity. It epitomizes the total market worth of all final goods and services manufactured within a country in a given period usually a year. GDP accounts for consumer expenditure, government expenses, ventures, and net exports (exports minus imports).

Reform: This is a concept that mostly brings to mind the need to updating a system or its components, overhauling, or restructuring in some way. However, reforms can also be smaller changes. The main idea is always to make changes for the better.

Pollution: it is the insertion of contaminants into the natural habitat that cause adverse change. Pollution can arise from human activities, e.g. industrial processes transportation farming practices pesticides fertilizers, waste disposal, landfills, and littering.

1.8 Organization of the Work

The entire dissertation is separated into five chapters in the following order:

Chapter One, this introductory chapter comprises of the Background of the Study, Statement of the Problem, Research Question, Objective of the Study, Scope and Limitation of the Study, Significance of the Study, Operational Clarification, and finally, Organization of the Work. Chapter Two, this includes the review of relevant literature, Conceptual Framework, Theoretical Framework, Empirical Review, and most importantly, the Organizational Context of the Study. Chapter Three, this chapter is about the research Methodology which defines the Research Design, Population of the Study, Sample Size, Sampling Technique, Methods of Data Collection, Research

Instruments, Validity and Reliability of the Research, and finally, Methods of Data Analysis. Chapter Four, Comprises of Data Presentation and Analysis and Discussion of Major Findings. Chapter Five, this is the last chapter and contains the Summary of the study, Findings, Conclusion and Recommendations together with the contribution to knowledge.

CHAPTER TWO

LITERATURE REVIEW AND THEORITICAL FRAMWORK

2.1 Conceptual Framework

2.1.1 A Concept of Subsidy

Explaining the true meaning of the term 'subsidy' is extremely necessary, even for an ignorant person, to clearly understand and get a better idea of the topic. Nwachukwu and Worlu (2023) stated that "conceptual research is cantered on the concept that characterizes or makes clear the phenomenon being studied. A conceptual review, the focus is on understanding the conceptual foundation of the topic rather than studying empirical evidence or specific applications". This chapter covers the major concepts discussed in the research, including subsidy and consumer buying behaviour. "Fuel subsidy is a government policy to provide financial assistance or other means of support to reduce, directly or indirectly, the price of fuel to the consumers. In a nutshell, it is the government setting fuel prices artificially low so that the fuel is more affordable especially for the low-income groups or those living in remote areas where the transportation cost is usually high. Subsidies can be broadly characterized into two categories: direct aid to consumers and indirect support to producers, for example, tax breaks. Sometimes, fuel subsidies are also used as a tool to support certain sectors, such as agriculture or transportation" (Obidebube and Richard, 2023).

Fuel subsidy is, in fact, a government discount on the market price of fossil fuels, which makes consumers pay less than the prevailing market price (Ovaga and Okechukwu, 2022). When subsidies are in place, consumers pay prices below the market price for petroleum products. At the international level, debate about fuel subsidies continues due to their very high costs and the dual

impact on residents' well-being and government financial health. Nigeria has had subsidies in many different guises for decades such as cash labour exports consumption education, and housing. The Sun Newspaper (May 5, 2012) reported: "The concept of funding petroleum products in Nigeria has its origin when the country's four refineries collapsed. The failure of these refineries turned Nigeria from being a producer of refined products to a net importer of petroleum products, such as petrol, kerosene, and diesel for domestic use. By the mid-1990s, the Kaduna, Port Harcourt, and Warri refineries had become non-functional due to lack of maintenance. This resulted in a shortage of supplies that the government countered by importing petroleum products through the Nigerian National Petroleum Corporation (NNPC) in order to avoid a nationwide situation of severe shortages and high prices."

The problem was not limited to refineries only. The key infrastructures in the downstream sector like petroleum product storage and distribution pipelines had deteriorated also. As such, fuel transportation by trucks was necessary which came with a high cost due to logistical challenges and high-interest rates on loans taken by importers to finance these operations. These factors raised the landing costs of imported products over locally refined products.

Many researches have been done to determine the effect of fuel on large medium small-scale and even on the economy of an emerging country like Nigeria. For example, Akinikinju and Babatunde (2012) "conducted a study into the effects of removal of fuel subsidy on socio-economic development in Nigeria. The results indicated that the removal of fuel subsidies in Nigeria brought about inflationary pressure, reduction of economic growth and decline in household income. Besides, the removal of fuel subsidies adversely affected small and medium-scale businesses".

Omotosho (2015) focused on "the political economy of fuel subsidy removal in Nigeria. The author revealed that pulling out fuel subsidies in Nigeria caused a hike in the price of transportation, food, and other essential goods and services. Their study also pointed out that the elimination of fuel subsidies hit the poor and vulnerable segments the hardest". Hong et al. (2013) "carried out an empirical study on fuel price and subsidy reform in Nigeria. The authors revealed that lifting fuel subsidies in Nigeria would result in less fuel consumption and more government revenue. But the research also showed that taking away fuel subsidies would adversely affect the poor and vulnerable segments of the population". Adenikinju (2009) was interested in how oil price shocks, "fuel subsidies and macroeconomic performance in Nigeria. The study found that taking out fuel subsidy in Nigeria might be led to higher inflation, lower economic growth, and less household income. The research also revealed that removing fuel subsidy could make firms less competitive". In his 2019 research, Omotosho "analysed the study focuses on the interaction of oil price shocks, fuel subsidies and their impacts on macroeconomic stability in Nigeria. To carry out the study, a New-Keynesian DSGE model was built integrating the transmission of changes in international oil prices to domestic fuel price. It was confirmed through the research that changes in oil prices affect significantly and permanently the economic performance of the country, oil price being responsible for about 22% of output variations during the four years period.

Omang et al. and Okoi et al. were also of the view that "the baseline model (with fuel subsidies), and the study showed that a negative oil price shock leads to a decrease in the total GDP, an increase in the non-oil GDP, a rise in overall inflation, and a depreciation of the exchange rate. On the other hand, when the same conditions were simulated without fuel subsidies, the model showed that the aggregate GDP was not as severely affected by a negative oil price shock. In addition, overall inflation fell, yet the exchange rate depreciated even more in the very short term. The

counterfactual experiments revealed that the elimination of fuel subsidies induced increased macroeconomic fluctuations and significantly changed the manner in which monetary policy reacts to an oil price shock" (Omang et al, 2020; Okoi et al, 2022).

Soile et al (2014) study, on the other hand, looked into how the removal of subsidies would affect the transport sector development in Nigeria by using co-integration and error-correction model. Their findings indicate that "subsidies have a positive and significant relationship with the transport sector. Thus, removal of fuel subsidies can cause an increase in the operating cost of transportation sector and change the distribution of the country's gross domestic product (GDP)". In the year 2023, Onuoha carried out research to find out the fuel subsidy removal discourse and its impacts on the Nigerian economy. It was found that "there was an increase in vehicle fares, food prices went up sharply while the prices of other basic commodities also recorded a rise. At the same time, it was found that some individuals who did not have enough income source were not able to improve their financial situation. This therefore led to a reduction in the income of poor families thus making poverty levels even worse in the country. As a result, this rise in poverty made the already serious economic problem faced by the people worse as they continue to struggle even to obtain a basic standard of living".

In a similar vein, Siddig et al. (2014) studied the effect of the Nigeria government's move to stop oil import subsidies. They revealed that "the withdrawal of subsidies led to a rise in the number of poor people, especially in rural areas." Also, their research indicated that ending subsidies adversely affected the food consumption of households because locals had to allocate more money for petroleum products and less for other goods and services. In the wake of the government's decision to terminate fuel subsidies, fuel prices are likely to go up leading to higher prices of goods

and services. This in turn will aggravate inflation and reduce the purchasing power of people, especially those with low incomes, " writes Adebayo and Okwu (2023).

2.1.2 Concept of Socio-Economic Development

Socio-economic development describes a procedure through which the society can improve the socio-economic and institutional well-being of its citizens, in relation to the overall quality of life. Socio-economic development is a wider concept, and thus it includes much more than simply increased economic growth (as expressed by increase in GDP) in a society, it can also mean increased levels of education, health, improvement in income distribution, employment, among other aspects of overall life quality of people in the society. In essence it is the combination of an improvement in economics and social transformation, for the reduction of poverty and inequality among people and creating better living condition for them while reducing their unemployment and expanding human potential (United nations, 2016) defines, socio-economic development as the totality of the actions taken towards an improvement of the conditions under which man lives by poverty reduction, generation of employment and promoting social inclusion. The meaning is the continuous upward enhancement in the value of life of the overwhelming majority members of the society. Accordingly, since 1970, Nigeria has declared and re-affirmed the following development objectives repeatedly: An equitable and egalitarian society. Reduction of inequality between different persons' incomes. Rectification of problems in society as they affect our economic affairs in all spheres of manufacturing, delivery and exchange. Correction of current disparities in wealth, income and consumption ethics. Equitable distribution of the profits that arise from economic development. Bringing down the incidence of employment and under employment. Involvement of citizens in the ownership and control of producing assets. A fair distribution of development between urban and rural centers, etc. Todaro and smith (2020) sees socioeconomic development as a multi-directional process, including persistent economic growth (based on income), structural transformation of the economy, and betterment of living standards. Similarly, in the reasoning of Sen (1999) a development would mean the increase in the real freedoms which the persons command (including such freedoms as that of admittance

to education and health care and freedom of participation in politics and such like). Also, in the perspective of Rostow (1960) development is a sequential progression that any economy goes through, from traditional society to the final stage which is the stage of high mass consumption.

2.1.3 Literature Review

Profile of fuel subsidy removal in Nigeria

According to Tell Magazine (2012) pointed out that the House of Representatives Ad-Hoc Committee's report on the fuel subsidy regime, the actual subsidy amount paid by the Federal Government as at December 2011 was 2.587 trillion Naira against only 245 billion Naira which was the 2011 budget appropriation. Furthermore, 1 trillion Naira was remunerated to fictitious and non-existing firms from the whole amount. So, the issue of Nigerian petroleum subsidy was subjected to several corruption allegations and hence, the government decided that it was necessary to remove petroleum subsidies. At that time, the Federal Government even mentioned that the funds spent on fuel aids could be re-allocated to infrastructural improvement nationwide.

"Globally, household surveys in almost every country have demonstrated an extremely high percentage of people not knowing that there are subsidies. Such a condition of ignorance leads to a dropping in the acceptability of energy price escalation due to lack of knowledge about it" (Garg et al. 2016; Sharma et al. 2018; Pradiptyo et al. 2015). "Besides, the knowledge vacuum regarding subsidies has been spotted in Nigeria too" (Nwachukwu and Chike, 2011). "Also, the intricacies of subsidies and their reforms affect possible endorsement and support" (Finch and Nelson, 2016). "The rationale of the theory linking knowledge and reform support originates from the premise that, by becoming aware of an environmental policy's impoliteness and its adverse effect on

equality, moral step issues about reforms will vanish and be replaced with support" (Lippmann, 1922; McCombs and Shaw, 1972; Gerbner, 1998). "Because of that, global organizations along with other stakeholders have regarded communication as an essential component of energy subsidy reforms" (Beaton et al. 2013; IMF, 2013; Inchauste and Victor, 2017). "The relationship between the awareness of subsidies and the support for reforms has been substantiated through a research study by Aklin et al. (2014) whereby they demonstrated that Indian consumers' attitudes towards energy tariff reforms became more positive when they were explained and made aware of the harmful effects of energy subsidies".

One of the main reasons that corruption remains an extremely detrimental factor to the development of the economy and society at large is because it keeps holding back progress at various levels (Dreher et al. 2007). It is not an exaggeration to say that Nigeria is a pretty afflicted country in terms of corruption that it simply does not allow for the provision of public services effectively and results into the increase of socio-economic inequalities (Ogbonna and Kalu, 2012). In fact, the issue of corruption is so deeply ingrained in the oil industry of Nigeria that it has been recognized as a big problem, going to the extent of even the fuel supply chain being corrupt (Okonjo-Iweala and Osafo-Kwaako, 2007; Bashir, 2013; Akov, 2015). Therefore, the way people perceive corruption can be a very big determining factor of whether or not they will support the reform of subsidies if they are convinced that the money saved will be used for the good of the populace but otherwise, they will oppose subsidy restructurings if they think that the money kept will just be abused.

The expenditure for the fuel subsidy has been growing in a very accelerated way. One of the reasons is the increase in fuel price, which made the government spend even more to ensure low

domestic rates. Apart from that, Nigeria's rising population has led to more fuel consumption; together these features put the fuel subsidy cost beyond the government capacity. Crude oil price went up from $30.4 a barrel in 2000 to $94.9 a decade later. The people of Nigeria grew from around 123 million to 158 million. In 2011, fuel subsidy represented 30 percent of the Nigerian government's spending, 4 percent of GDP and 118 of capital financial plan.

In fact, when you look at the volume of resources spent, energy policy is one of the important areas where political economy can have a significant impact. In particular, several developing countries, such as Saudi Arabia and Indonesia, have very cheap fuel prices as a result of direct government intervention, in many cases through fuel subsidies, where the government keeps low prices to protect consumers and can subsidize the difference with the prices if the price of the fuel market price is higher. In addition, it can be argued that the low-income population is the main beneficiary of the fuel aid since they have a limited capability to afford the market price. However, the evidence points to the fact that less than a quarter of the fuel aid budget goes to the lower income segment and the majority of it actually goes to the middle or high-income groups who consume a lot of fuel. And so, as a result, in these countries, it is believed that subsidies are discouraging the use of renewable energy and increasing energy consumption and pollution (and finally, they hinder economic efficiency). One area of research that has attracted attention is the role of reforms or how the so-called double dividend hypothesis might work (Wesseh and Lin 2019 2020). The extent of fossil fuel subsidies and their economic and environmental consequences are the subject of a large body of literature (Li and Jiang, 2016). In this context, a part of the literature has been devoted to quantifying the magnitude of fossil fuel subsidies. For example, Coady et al. (2017) calculated the total amount of fossil fuel subsidies at $500 billion globally or equivalently 0.7% of the world

GDP in 2013. In the same way, IEA (2021) assessed the costs of fossil fuels to be approximately $ 300 billion in 2017 (0.4% of global GDP) and $ 440 billion in 2021.

Another stream of research looks into the effects of fossil fuel subsidies on poverty, income distribution, and the economy as a whole. In this regard, Vandeninden et al. (2022) "demonstrated that fossil fuel subsidies fail to benefit the poor, and there can be potential gains from their removal. As an example, Nigerian fuel subsidy was a pro-poor policy but the main beneficiaries of the subsidy provision were the refined oil importers and wholesalers who smuggled the fuel to neighboring countries around Nigeria and sold it at higher prices while buying at the subsidized Nigerian fuel price" (Siddig, et al. 2014). Focusing on agricultural productivity and climate policy reforms in developing countries, Pradhan and Ghosh (2019) "demonstrate that the poor's welfare in developing countries is largely diminished but could be compensated through the government revenue increase from carbon taxation". Del Granado et al. (2012) "pointed out that the two richest income quintiles of a society received about 65 % of fuel subsidies". Giuliano et al. (2020) found out that "fossil fuel subsidies in Latin American countries have been very regressive".

Some studies have shown that to offset the disadvantages of fossil fuel subsidy removal, governments may consider the following mitigating measures: (1) improving agricultural productivity and lowering trade transaction costs, (2) restructuring economic sectors via revenue supports and transfers, and (3) applying carbon taxes. The studies are fragmentary regarding the environmental effects of fossil fuel subsidies. Moreover, there is a fundamental methodological problem. Therefore, a further study is essential to enhance the understanding of the effects of fossil fuel subsidy removal. In a similar way, current academic works show that discontinuation of fossil fuel subsidies results in an upsurge in the price level and a reduction in economic welfare. On the

other hand, if governments issue transfers to households and businesses, will such provisions cancel out the negative economic impacts caused by the eradication of fossil fuel subsidies? This consequently raises the requirement for further elaboration of the fast-emerging literature on fossil fuel subsidy exclusion.

Ajayi (2023) warns that if the government fails to channel securely these savings into viable business enterprises, then the benefits of subsidy removal may be undermined by corruption, a problem that has deeply affected the Nigerian public sector for a long time. As stated by Ekong and Usman (2023), the government's ability to handle the social consequences of the policy change, at the same time as ensuring that the savings from subsidy removal are invested in productive and growth-enhancing sectors, is the key to the success of fuel subsidy removal.

Umar and Umar (2013) conducted a study to see how changing fuel subsidy in Nigeria directly impacted people's welfare. They discovered that when the government eradicated the fuel subsidy, the cost of petroleum products rose, resulting in a higher living cost for households. Besides, the removal of the fuel grant revealed a negative impact on household revenue, particularly hitting low-income families harder with the price hike of petroleum products than high-income families.

2.2.1 History and Development of Fuel Subsidy in Nigeria

Fuel subsidy policy in Nigeria can be traced back to 1970s when it was first implemented as a means of mitigating the effect of increasing oil prices on average Nigerian. In the following decade (1980s), the policy was given a more concrete shape after the government set-up the Petroleum Product Pricing Regulatory Agency (PPPRA). The main objective of this agency is for the government to assist in the regulation of the costs of petroleum products, such as gasoline and

diesel. The most important goals of fuel subsidy were twofold: one, was to guarantee that petroleum products, the main driving force of transportation, cooking, and power generation, remained cheap and easily available, and two, was to use the oil sector as a lever to increase the wealth of the entire economy.

For quite some time, the system of subsidies underwent a transformation, with modifications done according to the state of the economy. During the prosperous days of oil in the 1970s, there was less need for subsidies as high earnings from oil exports sufficed. Yet, in the 1980s and 1990s, the government was compelled to expand subsidies to soften the effects of the economic downturn caused by hyperinflation, foreign debt, and devaluation of currency.

Democracy returned in 1999 under the leadership of President Obasanjo, the fuel subsidies emerged as a major political problem. All the administrations after that have been struggling with the subsidy matter, some of them trying to eliminate it while the others aiming at lessening its economic effects. Recently, the subsidy system has been under serious pressure because of the economic problems and inefficiency perceptions, including corruption and rent-seeking behaviours that only benefit a few at the top places of society and contribute very little to economic development.

From 2000 to 2007, subsidies were implemented under Obasanjo's government, and the decision to scrap it in 2003 and 2004 caused the transportation fares to rise. The period from 2007 to 2015 saw President Yar'Adua lower the fuel prices; however, they were raised again under President Goodluck Jonathan, leading to a country-wide demonstration. During President Buhari's tenure (2015-2023), fuel prices went up by 124%, and this price hike was felt heavily by the transport

sector. In 2023, after President Tinubu's took office, subsidies were eliminated, and as a result, the cost of fuel rose from N195 to N617 per Liter, and has continued to rise, which has greatly affected the price of transportation.

2.2.2 Impacts of the Elimination of Fuel Subsidies

Removing subsidies can have an immediate effect on the economy. Olaniyan and Adebayo (2017), for example, pointed out that "the sudden withdrawal of subsidies led to a 25% hike in transportation cost which apart from pushing up inflation, made the majority of Nigerians even poorer". Besides, studies by Kpodar and Dufrenot (2016) using comparisons such as Ghana and Indonesia "show that they are suffering the same in the socio-economic aspect after the subsidy removal, which can be interpreted as a universal pattern" On the other hand, according to Adegbite et al. (2020), immediate withdrawal of subsidies "could trigger inflation and reduce the purchasing power of very poor households, which would lead to their economic suffering on a large scale".

i. Rise in Cost of Production

Eradicating fuel subsidies would be a complex move that would not only impact fuel prices at the pumps but would also have a broader economic effect. Fuel forms a major part of the operational costs of the companies in Nigeria as it is used for transportation, power generation, and production. The elimination of subsidy would ensue a considerable rise in their costs. Just a few companies that have been able to adapt to the current economic conditions may find that this rise in costs could be their undoing. To survive, a large number of them may decide to lay off employees, automate their processes, or in the worst-case scenario, shut down their business completely. This will lead to an increase in unemployment and a rise in the number of families facing difficulties in

meeting their daily needs. Besides that, to compensate for higher production costs, businesses will, of course, pass on the price hike to the customers. This will lead to an upsurge in the prices of all the goods and services and even common household items like food transport etc. will become more expensive.

Simply put, taking away fuel subsidies does not just impact those who buy fuel directly. It also impacts workers, business owners, families, and even ordinary people shopping in the market. It sets off a chain of events where higher fuel cost leads to higher production cost, job losses and higher prices, reduced purchasing power and a tougher life for many Nigerians.

ii. Rise in the Rate of Providing Services

The elimination of fuel subsidy would not just make petrol more expensive; it would trigger a sharp rise in the cost of almost every service people rely on. This is because fuel plays a major role in transportation, electricity generation, and the daily running of businesses in Nigeria. Once subsidy is removed, fuel prices go up, and that automatically pushes the cost of doing business higher. Transport companies will charge more for moving people and goods, schools may increase fees because their operational costs rise, hospitals will spend more on electricity and diesel, and even small businesses like barbers, welders, and hairdressers will face increased expenses. Fuel is fundamentally involved in transportation, power generation, and the day-to-day operations of commerce in Nigeria. When the fuel aid is taken away, fuel prices rise which in turn pushes up the price of running a business. The transport sector will pass on the higher cost in fares and freight, schools might increase tuition to cover higher running cost, hospitals will spend more on electricity

and diesel, and small enterprises such as barbers, welders, and hairdressers will also feel the pinch in their expenses.

The main issue is that this sudden surge in prices caught most people and businesses off guard. Whether it's a household or a company's budget, none was designed with such inflation in view. Therefore, both individuals and organizations will have no choice but to decrease their spending, postpone their plans, downsize their staff, or even increase their prices in order to continue their operations. In the end, all these will be reflected on the average Nigerian. The prices for the means of transport, food, rent, school health, and even home items will increase. However, salaries and wages would in all probability stay at the same level. As such, people will be compelled to make their money last longer, reduce their expenditure on even the most fundamental items and in some instances, fall into poverty.

iii. Upsurge in the Price of Transportation

Whenever the price of fuel is increased people automatically expect that transport fares will be increased as well. So, if the rise in fuel price is really small and bus drivers, taxi drivers and even okada riders will almost immediately make a change of their fares. Just imagine a situation where the price of fuel goes up not just a little but almost double. The increase in transport cost would be huge and not just a small extra charge. And when transport is costly that is just the beginning of the story. Transport is related to everything we do. The food we buy in the market is transported. Students use a bus or bike to go to school. Workers commute daily. Everything moves by road, be it building materials clothing drinks, hospital supplies, etc. So, when the price of transportation goes up, almost every other price in the economy increases too.

iv. Rise in Cost of Living

Besides education fees and house rent, the prices of all single food item will skyrocket if the government does not resolve to continue, poverty-stricken individuals will starve as a result of their inability to buy fire-roasted corn or yam (their staple food) this is what will happen if the fuel subsidy is eliminated, there can be no amity in this country.

v. Increased Corruption

Eliminating fuel grants coupled with the continuous devaluation of the Naira will make the real value of the salaries of civil and public servants to shrink. On the surface, the payroll figures may remain unchanged however the purchasing power of that money would have been drastically diminished. A pay check which used to feed the family for one whole month may suffice for only about two weeks" literally. Just think about it: as prices of transport food school fees rent electricity, and even basic household items go up but wages remain unchanged, thus the civil servants, that is, from the teachers to the police officers, from the nurses to the local government officials, will be working for money that is insufficient for their survival. Their earnings will be "salary" in name but poverty in reality.

In such circumstances, individuals start looking for new avenues or alternative means of survival. And in Nigeria, where even a government job is fraught with daily temptations, the possibility of corruption is high. When an employee feels that he can no longer live on his salary, he might resort to cut corners, accept bribes, overprice contracts, or abuse office equipment, not because he is a corrupt-minded person, but because the system has pushed him to a point of giving up.

Examples of such patterns are well-documented. Whenever the economy is struggling and people's wages are being eroded, we observe an increase in corruption. It is not only an historical phenomenon but also a current one; and if there is any lack of effective governmental measures to curbing corruption through means that are both consistent and fair, this will only serve to reinforce this belief.

2.2.3 Government Responses and Policy Implications

Upon the exclusion of fuel aids, the Nigerian government took the initiative to implement several counter-acting measures that were geared towards mitigating the adverse effects of the subsidy elimination. As per a report by the Nigerian Economic Summit Group (2019), "the government measures that they rolled out included cash transfer programs and investments in alternative energy sources". Nevertheless, whether these policies have been successful or not is still a matter of debate, as evidence by the point made by Uwaifo (2020), "who states that the government interventions have been rather inadequate in alleviating the economic difficulties that have arisen. The report lays out detailed statistical evidence regarding who supports fuel subsidy reform in Nigeria, the biggest economy in Africa". (Munshi, 2018) noted that "at the last figure, the Nigerian government is spending a lot of money on petrol subsidies, the state is subsidizing petrol by almost USD 3.9 billion which is almost two-fold of the government's expenditure on health". Subsidies are in place for the government to sets the price of petrol for buyers at a level lower the international rate and then uses government capitals to cover the difference. Even though petrol subsidy reforms have been attempted many times, Nigeria has yet to completely remove the petrol subsidies. This failure is partly because the people strongly oppose such reforms; Nwachukwu et al. (2013) and Akov (2015) have mentioned 'the very high level of petrol subsidies

and the alliance of interest groups that have cooperated to protect the continuation of subsidization'. Our study utilizes a large, nationally representative data of Nigerian perception towards taxes and subsidies (McCulloch and Moerenhout, 2019) to examine the factors that makes people more or less likely to support reforms. At present, less than 30 percent of the population supports reforms. Nevertheless, we reveal that economic variables (such as fuel price and availability) and stronger government service delivery are linked to higher support for reforms. On the contrary, a view of corruption and absence of government capability are linked to opposition to reforms. Moreover, trust in government overall seems to play a role in people's willingness to accept subsidy reforms (Moerenhout et al. 2017; Inchauste and Victor, 2017). Among government reforms, Government credibility is further linked to the public perception of its ability to successfully implement the reforms and redistribute or reinvest savings from reforms" (Beaton et al. 2013; Bridel and Lontoh, 2014; Baig et al. 2007; Indriyanto et al. 2013; Scobie, 2018). In Nigeria, several writers have pointed out that the main issue is lack of trust (Ogbu, 2012), " with most of the reform opponents, that is, labour unions, and other civil right groups as the main voices of highlighting the government's inability to protecting the poor" (Soile and Mu, 2015; Bashir, 2013; Nwachukwu et al. 2013; Africa Research Bulletin, 2011; Akov, 2015).

Fuel subsidies in many countries such as Nigeria are, to some extent, considered as part of the social contract, albeit on an implicit level, between citizens and the state (Beblawi and Luciani, 1987; Hertog, 2017; Luciani, 1990; Fattouh et al. 2016; Moerenhout et al. 2017). As a matter of fact, a cut in subsidies without an accompanying increase in the social welfare protection might be considered by many as a single-sided change in the social contract which in turn, can lead to protests and political instability (Moerenhout 2018a b; Luciani, 1990). On the other hand, if people think that the government is up to its tasks by offering better services and openly investing the

savings from fuel subsidy reform in the sectors directly related to households (e.g. health education, and infrastructure), then they may be ready to accept subsidy reform, much like better services can win support for tax compliance (Bodea and LeBas, 2016; McCulloch et al. 2019).

Social and Political Repercussions

The social impacts of taking away subsidies goes deep. Anifowose (2021) points to unrest and interprets the 2012 protests as evidence when the exclusion of the fuel subsidy was tried earlier. The author stresses that the best way to counter social discontent are efficient communication and public participation. Also, Ibeanu and Nwagbara (2022) regard political factors as the main obstacle to reform and therefore that political will and public trust are key to subsidy removal. According to them, fuel subsidies have been politically very important in Nigeria. As a social welfare tool, fuel subsidies were considered a means to help the poor and soften the effects of high fuel prices on the most disadvantaged segments of society, (Iledare et al. 2019). In fact, at a political level, fuel grants have been leveraged as a tool of political support, with different administrations exploiting them as instruments to achieve social and political firmness, (Eromosele & Ezeoha, 2017). Consequently, the country has witnessed a tangle of economic benefits, social wellbeing objectives and political deliberations, resulting in fuel subsidies becoming a very divisive concern in the country.

The basis for the necessity of fuel grants in Nigeria is attributable to a host of reasons such as making fuel affordable, ensuring social and political stability, having an optimistic effect on the economy and eliminating the problem of government revenue loss. One of the main purposes of fuel subsidies has been to enable Nigerian consumers, especially low-income households who are

greatly dependent on fuel for their transportation and electricity, to get affordable fuel", (Iwayemi et al. 2019). "The provision of subsidized fuel has been regarded as a factor in the maintenance of social and political stability because it guarantees the availability of basic commodities and, at the same time, the prevention of public dissatisfaction as a result of high fuel prices", (Falola et al. 2020). Giving fuel subsidies have made a mark on business operations and economic growth. By keeping fuel prices low, subsidies have largely enabled businesses in the sectors like transportation, manufacturing, and agriculture, to control their operating costs", (Falola et al. 2020). The government's fiscal potential has been challenged due to the very large financial budget required to keep fuel subsidy programs running", (Okon & Adedeji, 2017). The expenses for fuel subsidies have led to budget deficits, restricted public investments in both infrastructure as well as social programs, and escalated public debts", (Iwayemi et al. 2019). One of the main effects of fuel subsidy on the Nigerian economy is that they interfere with the normal functioning of the fuel market", (World Bank, 2018). When the government controls the cost of fuel at a very minimal level, it increases the tendency of the consumers to waste more fuel than they would normally use if the price was higher. As a result, it leads to heightened demand for fuel, which can almost certainly cause an increase in fuel prices. Furthermore, fuel subsidies considerably affect the government's financial plan. The government allocates billions of dollars every year to fuel subsidies", (Adenikinju, 2013). That capital can be diverted to other areas such as education or healthcare.

International Perspectives and Comparisons

Comparative analyses with other countries have yielded some ideas on potential outcomes. For example, Smith (2020) "studies the cases of subsidy removals in Indonesia and India and

suggests that gradual subsidy removals supported by social safety nets proved most effective in reducing public protest". Results like these highlight how essential context-specific measures are needed in Nigeria's subsidy reform.

Environmental Considerations

Even the environmental impact of fuel subsidies is an issue that has been explored. Ekpunobi and Osuji (2021) "highlight of how the elimination of subsidies could promote a fall in fossil fuel consumption can position Nigeria in line with worldwide climate targets. Nevertheless, they point out that the shift might not be viable possession of no alternative energy investments". Another group of researchers concentrates their work on how policies to subsidize fossil fuels affect the environment. "There are studies that identify environmental harm resulting from high fossil fuel subsidies", (Arzaghi and Squalli, 2023), and "their elimination leads to better environmental condition by getting people to use less fossil fuels", (Gelan, 2018; Farajzadeh and Bakhshoodeh, 2015; Wesseh et al. 2016). On the opposite, there are some researches that claim "no environmental benefits are produced due to the removal of the fossil fuel subsidies". For instance, Wesseh et al. (2016) employ a computable general equilibrium (CGE) model of worldwide trade and reveal that "Removing subsidies on fossil fuels worsens environmental quality due to the increase in production result from the associated rise in prices". Similarly, Xiang and Kuang (2020) apply a partial computable equilibrium model to investigate the benefits from China's coal subsidy policies. "They find out that there are no environmental gains from the coal subsidy. In fact, they argue that coal subsidy is, on the whole, responsible for overcapacity problems in China and also leads to major trade distortions". Just like the economic effects of fuel subsidies, studies are very divided in terms of the ecological effects of removing fossil fuel

subsidies. The diverse findings in the literature are accompanied by methodological problems that are inherent. One major flaw of the prevailing research on the environmental effects of removing fossil fuel subsidies is that they fail to sufficiently consider how intermediate energy input demands can be substituted. Therefore, there is a need for additional studies to examine the financial and environmental effects of fuel subsidy policies.

2.2.4 Gaps in Literature

While there is a lot of information available about the withdrawal of fuel subsidy effects, there are still large holes in our knowledge. Many of the studies so far have centred mainly on the immediate, short-term effects, such as price increases or the direct changes to the economy. Of course, these are very important but they do not show everything. Besides that, there is a great focus on the differences among regions in Nigeria, for example, how one state might feel the effects in a way totally different from another. However, one key factor that is most of the time ignored is the effect on Nigeria's most vulnerable groups, especially women and children. These groups usually suffer the most from economic shocks, and yet, their specific hardships and needs have not been sufficiently studied or met. Especially, the question remains: in what conducts would the elimination of the fuel subsidy affect the women who are mainly at their houses and going to work and suddenly have to deal with the consequences of this decision? What does this mean for children, especially those from lower-income families, who may find it even harder to cope with the rise in transportation or food prices? We certainly need additional research that explores these issues, emphasizes the long-term, more extensive impacts of the changes, and also reveals how the effects are experienced differently by various demographic groups.

Subsidy and Fuel Subsidy

The term subsidy originates after the Latin word subsidium, which means " provision, assistance, aid, help, or protection". In feudal times, a subsidy was a recompense made to kings. Though the meaning has changed since then, the practice of royal individuals receiving subsidies has not. For example, research by Farm Subsidy. Org "revealed that in 2004 the Queen of England and the Duke of Westminster each got half a million pounds sterling in farm subsidies, and Prince Albert of Monaco 287,000. Republics like France and the United States no longer have kings, but some of their farmers live like kings, due to their large subsidies".

Subsidies are one of the most popular and impactful instruments to change the direction of industries, consumers, and the overall economy. They are basically money that governments or other entities pay to certain activities, sectors, or groups in the economy to keep them going. From funding innovation, supporting the growth of certain industries, to fixing market failures, subsidies are a very powerful tool to influence economic results (Gallagher, 2007).

Fuel grants can be accurately explained as a government measure to cover the cost variance between the fuel price at the gas station and the genuine cost of importing the product. Hence, through covering the cost difference, the government permits petroleum products to be sold at a cheaper price so as to assist the populace particularly the lower income group, (Civic Keypoint, 2023). Fuel subsidy is a government-sponsored assistance program intended to keep the price of petroleum products on the low side, (Civic Keypoint, 2023). "Subsidy is when the government intervenes to help consumers of a particular product to pay a price lower than the one prevailing in the market for that commodity", (Kadiri and Lawal, 2016). A government-sponsored subsidy is

a form of price control whereby the government fixes a price for a product beneath its genuine market price and recompenses the difference to the sellers. In other words, the government fix the price of fuel at the pump lower than the real market value and the difference is paid to the importers and marketers by the government.

The origin of fuel subsidy dates back to October 2000 when there was a supply shortfall in Nigeria's four refineries. In an effort to resolve the problem, the Nigerian government formed a committee to conduct a detailed study of the petroleum product pricing and distribution. Soremekun (2023) states that, "based on the committee's report, the Petroleum Product Pricing Regulatory Committee (PPPRC) was set up, which in turn was transformed into the Petroleum Product Regulatory Agency (PPPRA). PPPRA utilizes a pricing modulation system that allows for petroleum product price changes to be in line with global oil price variations".

At times when global oil prices are high, the Nigerian government possibly will decide to increase the controlled price of petroleum products so as to prevent scarcities and also guarantee the profitability of independent petroleum marketers. However, when international oil prices are down, the government could reduce the controlled price of petroleum products so that the changes in the market can be reflected and the benefits can be passed on to consumers. The Nigerian National Petroleum Corporation (now NNPC Ltd) and registered importers are the ones that introduce petroleum products into the country. They sell these products at government-controlled prices, which are normally lesser than the landing cost, to independent marketers. Independent marketers then, sell the petroleum products to buyers at a price that covers their operating costs and a government regulated margin. Fuel subsidies have made it easier for citizens to get access to petroleum but on the other hand they have also had some impact on the economy.

Fuel Subsidy Elimination

Removal of fuel grants means the government is no longer paying the difference between the pump price and the real cost of fuel importation. It is equivalent to full deregulation of the downstream sector to allow other investors to compete actively. When the fuel subsidy is removed, fuel must be sold at prices that correspond to the present market price which is grounded on the real cost of the importation.

Concept of Consumer Buying Behavior

It has been noted that consumer buying behaviour and satisfaction are deeply intertwined with marketing activities, as marketing plays an essential role in the whole interaction of consumers with various products and services" (Nwachukwu and Affen 2023). Indeed, the mental and emotional engagement of buyers in the act of purchasing goods or services of a business, if handled correctly, could be what keeps that business alive because it would lead not only to customers' affection for the company's products but also their encouraging return visits" (Nwachukwu and Maudlinepae, 2022).

Therefore, recognizing the factors that influence consumer buying decisions is very critical to the survival and profitability of any business organization. Besides, the patronage of consumers is what every business is after, because through it the business will be able to have return on investment and profitability which will in turn enable the business to attain growth and expansion in its industrial sector, " (Nwachukwu et al. 2022).

Many different interpretations have been made of consumer behaviour. For example, one of the perspectives on consumer behaviour is that it encompasses the series of actions and decisions that

individuals or households undertake when they select purchase use, and finally get rid of a product or service (Question Pro, 2023). In marketing context, consumer behaviour means particularly the actions and decisions that people take when they purchase products or use them (FutureLeran, 2022). Burtler et al, (2022) describe consumer behaviour as "a customer's response to products and services they use as well as the company that supplies them." Knowing consumer behaviour is very useful in predicting the acceptance of a new product by potential customers and it also enables companies to recognize the markets that are not yet fully exploited.

Consumer behaviour is a vast and intricate subject that studies the behaviours, needs, and decisions of individual people or groups during the process of buying, using, or throwing away products, services, or ideas. The aim is to find out the reasons behind consumer behaviour and the ways in which this behaviour is impacted by different internal and external influences.

Petrol Prices in Designated Countries

Eyiuche (2012) carried out research into socio-economic effects of fuel subsidy elimination in Nigeria compared with other oil producing nations in order to appraise the effect of fuel subsidy exclusion on the Nigerian people. In his study, "he noted that with fuel price at 65 naira per liter, Nigerians were buying the most expensive fuel compared to other oil producing nations in the world whereas in some other countries, fuel is almost free. He illustrated this point by presenting the petroleum product pricing in various oil producing countries in the table below".

S/N	NATIONS	PUMP PRICE US $

1	Algeria	0.14
2	Britain	0.25
3	Brunei	0.39
4	Egypt	0.31
5	Iraq	0.38
6	Kuwait	0.22
7	Libya	0.17
8	Nigeria	0.87
9	Oman	0.31
10	Qatar	0.22
11	Saudi Arabia	0.16
12	Venezuela	0.023
13	UAE	0.49

Source: Adapted from Eyiuche (2012)

The costs of petrol in particular countries displayed in the above table have essentially revealed how the Nigerian masses have been exploited by the ever-increasing price of petrol. "The situation is that while the poor neighbouring countries are building new refineries, Nigeria is not able to maintain the ones we inherited from the past military governments; instead, the present

government is trying hard to protect its concept cronies and, at the same time, punish Nigerians, " a previous minister of interior captain Emmanuel Iheanacho, said in a paper read in the course of the inauguration of the executive council of the maritime reporter's association of Nigeria that the oil subsidy of N3.4 million was in the wrong hands. He also mentioned that the subsidy was not reaching the poor people as the government had planned but rather it was going to the supposed politicians within the corridors of authority and the cabals. The former minister's assertion was supported by a staff member of NIMASA who said the Nigerian government loses $1 billion to oil theft every month. He disclosed that some NNPC staff members collude with the thieves to siphon oil off into the barges, " Eyiuche (2012).

2.2.5 Theoretical Framework

The theory will focus on mainly two theories to discuss the socio-economic impact of removing fuel subsidy in Oredo Local Government Area of Edo State. Structural functional and Dependency theories.

Structural Functionalism

This work builds on the theory of structural functionalism. Structural-functionalism or functionalism as it is also called views society as a structure whose parts are interrelated and are designed to fulfil the biological and social needs of the individual within that society. The development of functionalism can be tracked back to the works of an English philosopher and biologist, Herbert Spencer (1820-1903), who identified human body and society as two very similar things. He claimed that " just like the different organs of the body collaborate to keep the body functioning; the different parts of society collaborate to keep society functioning", (Spencer

1898). Spencer's components of a society correspond with social organisations, or sets of beliefs and behaviours, which are centred on supplying social needs, e.g. government education, family, healthcare, religion, and the economy.

Another pioneer of sociology, Emile Durkheim, caught the idea of Spencer's concept and spun it around to talk about "how societies evolve and remain existing through time" (Durkheim, 1895). In his view, society is a living organism made up of many parts that rely on each other to function and that work towards a state of equilibrium. According to him, the glue that holds a society together is a set of values shared among members, common languages, and symbols. Although it is individuals that constitute a society, Durkheim held that in order to analyze a society, sociologists should focus their attention on elements of a larger picture, which are social facts. Social facts can be understood as the collection of rules governing social life, whether in the form of laws, morals values, religious beliefs, customs, fashions, or rituals, etc. Each of these social facts has one or more roles to play in a society. As an illustration, laws in a society serve a variety of purposes such as giving protection to its members against violence or providing a figurehead for the high ranging authority of the state.

Martindale (1965) "explains function as the activity that shape a system and at the same time sustain it, including both positive and negative consequences of social institutions and processes" On the other hand, Marion (1952) presents a different definition, "he sees function as the resulting condition or state from the continuous operation of a structure over time. He also brought up the term 'eufunction' to refer to the positive effects in a social system that lead to its continuity and well-being, conversely, 'dysfunction' is used to indicate negative effects that eventually cause the breakdown of the system."

"In the Nigerian political system, this theory is very relevant because so many different types of structures have been set up to deliver very basic services to the people at very low prices." (Okpa et al, 2020). While political structures are very complicated, some of them are designed specifically for certain aspects of the government, the Nigerian National Petroleum Corporation (NNPC) and the Ministry of Petroleum, under the supervision of the President, were unable to keep the refineries working and building new ones. In fact, because of this failure, the fuel subsidies were taken off which made transport and living costs go up especially in Oredo Metropolis. Though the theory offers great insights, it also comes under attack especially for its methodological approach within functionalism. The tactic is to first determine a set of functions and then identify the corresponding structures, which at times can even lead to distortions of the facts in order to fit the framework. However, this kind of criticism usually assigns responsibility for the validity of the research to the researcher, instead of the approach itself. Further, one of the shortcomings of this theory is pointed out being the inability to explain, social change, and the role of the individual.

Dependency theory

Dependency theory is a line of thinking in the contemporary social sciences that seeks to understand underdevelopment, to identify the factors responsible for it, and in a certain measure, to suggest methods of resolving it. Originating in Latin America during the 1960s, it came to North America, Europe, and Africa shortly thereafter and it is also a part of current discussions. Besides that, it has attracted a great deal of attention in scholarly circles and at regional organizations. The development of dependency theory was largely a reaction to the ideas of transformation and growth presented and defended by European and Marxist writers. Therefore, it necessarily ends up being a very detailed criticism of both Marxist and structuralist perspectives.

As a starting point, the theory explores the influence of imperialism on the local socioeconomic and political organisations. Among other things, it characterizes the new socioeconomic organization and tries to delineate its development not only in relation to internal adjustments but also to the changes in the world capitalist system. as per the view of Andre Gunter Frank (1971), "the developing countries have not grown through 'internal implements to development, ' as the modernization theorist argue, but on the contrary, the industrial West has deliberately underdeveloped them, leaving them in a position of dependency" which means "dependence theory".

Dependency theory highlights that developing countries continue to be economically and structurally dependent on dominant industrialized nations, which restrict their capacity to attain genuine economic autonomy. The concept is highly relevant to Nigeria's fuel subsidy issue. Reliance on imported fuel irrespective of the fact that the country is a major oil producer. Nigeria produces crude oil but has no working refineries, so it has to export crude oil and import finished petrol. This situation results in the country's dependency on foreign refineries, international oil prices, and foreign exchange, all being typical characteristics of dependency. Even with the exclusion of subsidies, the pricing of fuels in Nigeria is not done locally but is left to market forces. As a result, Nigeria has encountered the following problems;

Structural underdevelopment is perpetuated through reliance on external influence rather than the development of one's own refining capacity. In fact, Nigeria has been stuck in a colonial economic structure where it exports raw materials (crude oil) and imports finished products (petrol). Thus, removal of subsidy only reveals this existing structural weakness. The cost of fuel goes up not

because Nigeria does not have oil, but rather because it is at the mercy of others in terms of processing it.

When subsidies are withdrawn, people inherit economic vulnerability. The poor are affected most severely - they experience increased transport costs, food prices going up, less money to spend, as the whole economy had been made to rely on outside systems rather than on internal production and self-sufficiency. People suffer, not because withdrawing subsidies is theoretically wrong, but because a dependent economy has neither a safety net nor a production base.

Subsidy as a symptom, not the cause of underdevelopment.

According to Dependency theory, the actual problem is not the subsidy but Nigeria's economic dependence on foreign countries, corruption by elites, and lack of industrial self-reliance. If subsidies are removed without addressing structural dependence only the gap between the rich and the working class will be elevated. Foreign institutions and policy pressure international financial institutions (IMF, World Bank) have always encouraged Nigeria to remove fuel subsidies as a part of liberalization. Dependency theory considers this as a control method by the West where the Western model decides domestic policy, and the country is kept within a global economic hierarchy.

2.2.7 Empirical Review

Extant literature appears to have some hints that empirical studies on subsidy removal in all the countries of the world including Nigeria have become quite popular, with both positive and negative impacts. According to the statement of Kauffman (2010: 128), "subsidy removal is a

programme that in some instances have been successful with minimal social upheaval; on the contrary, in other cases, the exercise was considered a failure". In fact, withdrawing subsidies on life necessities such as fuels has always been a source of social upheavals and, on life-threatening cases, has led to street protests and shutdowns. Fuel subsidy exclusion programmes are influenced by a country's economic organization, levels of growth, political structure and economic situation. It has been found that the countries which have had the greatest success have either led their populations through the changes or taken a gradual approach; they have also conducted thorough and proper research before implementation and adhered to the policy making process at a high level. Communication that works well and a fairly high level of faith that exists between the citizens and the government could be the crucial factors of success in the exercise. We take a look at Nigeria's proposal for subsidy removal in light of this. Stakeholders, unions and the public made sarcastic remarks concerning the elimination of fuel subsidy, they claim that the procedure is unconstitutional because the policy after the removal of the subsidy does not support the poor people, and they did not request the people's consent for their full support before executing such policy. They also expressed their opinion that the elimination of subsidy is not the only way for the government to earn or save revenue to invest in other segments of the nation.

Agu (2018) regards this as "a sort of market manipulation where the government sets the price of the commodity lower than what it actually is at the market and reimburses the retailers for the difference". Here, the government places the fuel pump price less than the market price, and importers and marketers receive the difference from the government. To this end poverty for the purposes of this thesis, should be a concept comprehended from both sociological as well as economic viewpoints. Therefore, Crossman (2019) considers poverty "a social circumstance, where one experiences a lack of resources that are either necessary for one's basic survival or

meeting a definite minutest level of living standards that is predictable in the place where one lives". It simply means that the revenue level which decides the impoverishment level is not the same in every place, so social experts like Sociologists and Economists, in fact, think that poverty is most aptly defined by the circumstances of existence, such as absence of access to food, clothing, and housing. Generally, people living in an impoverished situations are likely to suffer from starvation or malnourishment, lack or absence of excellent education and health services, and often get marginalized from the main society. On the other hand, this study is focused on the link between poverty and the deletion of the fuel subsidy, particularly in Nigeria.

Afolabi et al. (2017) conducted a study on how removing fuel subsidies affects economic growth in Nigeria. They discovered that "taking away the fuel state subsidy in Nigeria, has resulted in a considerable growth in the economy. One of the ways this happened is that price of doing business was greatly lowered resulting to an upturn in assets and economic development ". Iwuchukwu and Nwankwo (2017) explored the possible consequences of fuel subsidy elimination on small and medium scale enterprises (SMEs) in Nigeria and found that "fuel subsidy exclusion has actually helped small and medium scale enterprises (SMEs) in Nigeria. The study discovered that fuel subsidy removal resulted in a decrease in transport and production costs which had a positive effect on the productivity of SMEs". Alade (2017) looked at the repercussions of fuel subsidy elimination on the Nigerian economy and noted that "removing fuel grants has indeed positively impacted the Nigerian economy. It was revealed from the research that removing the fuel subsidy helped to reduce the government's budget deficit which subsequently increased investment and economic growth".

Adewumi et al. (2018) conducted a study to find out how the removal of fuel grants affected small and medium-sized enterprises (SMEs) in Nigeria. They concluded that exclusion of fuel subsidy negatively affected small and medium-sized enterprises (SMEs) in Nigeria. The research used a questionnaire survey of the SMEs to gather data on their operations both before and after the subsidy was removed Similarly, Ogundele et al. (2019) investigated the effect of fuel subsidy removal on macroeconomic variables in Nigeria and their results indicated that fuel subsidy removal decision by Nigerian government leaves macroeconomic variables in the country overall unchanged or neutral.

However, even though there were lots of upheavals because people were protesting the elimination of fuel subsidies, the argument for getting rid of them is very strong. "They are not only a heavy burden on the government budget, but they also deepen on Nigeria's fiscal problems", according to the World Bank. "In addition, they lead to overconsumption of fuel, the government is able to invest less in sectors that are more productive, fuel emissions cause pollution and global warming, and even more, inequality is increased because the richest families who have higher fuel consumption are the main beneficiaries of the subsidy" (Ebingha et al. 2019, Falana and Ojo, 2023).

2.2.8 Organizational Context of the Study

The Oredo local government area is situated in the Southern part of Edo State, Nigeria. Edo State has 18 local government areas, and Oredo is one of these local government areas. It is located within an area of 249km and the size of the population is around 536,827 as per the 2006

population census. It is the most developed government area in the State of Edo. Besides being the capital of the state, it is also the seat of the State Government and the palace of the Oba of Benin.

Besides, Oredo was the capital of the legendary Benin Empire and is thus among the world's oldest cities. Oredo local government area's typical temperature ranges between 20-25oC with monthly humidity range of 60-95%. Local government area experiences two separate seasons, that is, dry and raining season. In order to facilitate the work of administration there are twelve (12) political wards in Oredo local government area. These wards cross both urban and rural communities. The major and main economic drivers of Oredo local government area are trading, commerce and services. The city of Benin is a major commercial and economic centre with a number of markets, shops and other businesses operating in the area. Local government area is not only the location of the State Assembly but also ministries and agencies.

2.2.9 Conclusion

This review draws attention to the immediate need for thorough research on the influences of sudden withdrawal of fuel grants in Nigeria. The proposed study aims to tackle these issues by examining the economic and social consequences in a detailed way, offering important information to decision makers and other parties.

CHAPTER THREE

METHODOLOGY

3.1 Research Design

This research proposal will be a qualitative study, as it is based on the idea of Clark and Creswell (2015). Qualitative research designs "consist of a set of methods to collect, analyze, and present data in the form of text or images to answer research questions through discovery of the perspectives of key informants", (Okpa 2022; Anam et al, 2022). Therefore, the choice of qualitative research is for investigating the problem with major importance by a number of good reasons. Firstly, such an approach gives the researcher the opportunity to learn from the views of persons who have lived through the changes and the real impact that elimination of fuel subsidy has on the public in the area of study, that is ward 1 and ward 2 in Oredo local government area of Edo State.

3.2 Method of Data Collection

Primary and secondary sources of data acquisition were used in this research. A variety of data sources were used in this study. According to Creswell (2014; 2012) and Marrian (2009), "these sources include observations, interviews, and document analysis." In accordance with the researcher's goals, these sources were purposely used to respond to the research questions. Primary data refers to the direct and immediate information collected from the respondents."

3.3 Population of the Study

The study population includes individuals residing in Oredo local government area of Edo State, representing various aspects of society such as literate and non-literate persons. "The population size of Oredo local government area is estimated at 553, 300". (National Population Commission of Nigeria, Bureau of Statistics, 2023)

3.4 Sample Size

This study will use a qualitative approach and conduct detailed interviews with a sample of forty (40) participants. The participants for this study came from various backgrounds such as transport service providers, trade unions, lecturers from tertiary institution, NUPENG members, and civil society group. The principle of saturation was followed in this research to decide the sample size, a common issue of qualitative research. Saturation, as one of the qualitative research scholars such as Mason (2010), Bernard (2011), and Draper et al, (2012) have explained, "means the method in qualitative research to decide the sample size that is most widely accepted". They also say that saturation means "the moment when extra data cases no longer give new or different insights from the initial ones." The study therefore would base on the saturation principle to gauge the number of informants needed for the study.

The participants of this research would be selected purposively since the study is interested in selecting and identifying individuals or groups with specialized knowledge of a phenomenon.

3.5 Sampling Technique

In order to make the selection of participants more effective, we will use two sampling methods combined: snowball sampling and purposive sampling. "Snowball sampling is a method of purposive sampling that essentially asks initial participants if they can recommend others who are eligible for interviews", (Creswell, 2012). This method would greatly benefit the research especially because the phenomenon is very complex and our understanding of it limited. Therefore, choosing the right initial participants would result in finding more participants in Oredo Metropolis where the study will take place. Nevertheless, it is worth mentioning that the researcher would make a very thorough effort to make sure that the next participant suggestions do not lead to biases in the selection process.

3.6 Research Instrument

Data collection method was intended to include the diverse cross-section of the affected population mainly through in-depth interviews and observations since these methods were considered most suitable to get reliable data that fully captures the range of information needed to fulfil the study's objectives. This method was expected to offer a thorough and genuine view of how the elimination of fuel subsidy impacts the life of people in the study area.

3.7 Validity and Reliability of the Research Instruments

In order to guarantee the research tool developed for the study is dependable, the interview questions were shown to the project's supervisor for review and to make certain content validity. This is to ensure that the research instrument of the study achieves a valid measure. His help

through constructive criticism, amendments, and recommendations facilitated the correctness, and the appropriateness of the tool was used in the final paper preparation.

3.8 Method of Data Analysis

The study\s findings will be presented as themes, sub-themes, and explanatory accounts that cut across the dataset. Tables will be used to ensure easy understanding of the analysis.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter discusses the demographics of the respondents as well as the information from them that is the basis of this research. Interview sessions consisted of ten questions. The responses were evaluated through the use of themes and sub-themes as well as explanatory accounts.

Table 1. Informants and the Coding

S/N	Informants	Brief Bio-Data	No. of Participants	Code
1	Taxi Drivers	3 male, 1 female, 34 – 46 years. OND - B.Sc	Four (04)	TD
2	Civil Servants	2 male, 2 female, 31 – 52 years. B.Sc - Masters	Four (04)	CS
3	Artisans	2 male, 2 females, 27 – 41 years. B.Sc	Four (04)	A
4	Traders	3 female, 1 male, 43 -57 years. HND - Masters	Four (04)	T
5	Transport Workers	4 male. 37 – 45 years. B.Sc - Masters	Four (04)	TW
6	Union Representatives	2 male, 2 female, 31 – 44 years. B.Sc - Masters	Four (04)	UR
7	Lecturers	2male, 2 female, 40 – 61 years. Masters – Ph.D	Four (04)	L
8	Civil Society Actors	2 male, 2 female, 33 – 52 years. Masters – Ph.D	Four (04)	CS
9	NNPC Worker	2 male, 2 female, 35 – 48 years. B.Sc - Masters	Four (04)	NW
10	NUPENG Staff	2 male, 2 female, 38 – 51 years. B.Sc - Masters	Four (04)	NS

Research Methods

The study used the interview method to collect data from some randomly chosen individuals in Oredo local government area. The research selected forty (40) respondents from various backgrounds and statuses. The sample was made up of men, women, and young adults living in the Oredo local government area. Both the face-to-face and telephone interviews were

conducted on different days to the respondents. The data collected from the respondents were transcribed and the evaluation was carried out adequately to answer the research questions.

Presentation and Analysis of Data

This is the frequency and percentage analysis of the personal characteristics of the study respondents.

Table 2. Frequency and percentage analysis of respondents.

Sex	**Frequency**	**Percentage**
Male	22	55
Female	18	45
Total	40	100
Educational Qualification	**Frequency**	**Percentage**
Secondary Sch Leaving Cert.	06	15
Diploma	02	05
HND/B.Sc Degree	10	50
M.Sc	12	30
Total	40	100
Age	**Frequency**	**Percentage**
20 – 30	02	05
31 – 40	20	50
41 – 50	08	20
51 – 60	08	20
61 – 70	02	05
Total	40	100
Single	06	15
Married	32	80
Others	02	05
Total	40	100
L.G.A of Resident	**Frequency**	**Percentage**
Oredo	40	100
Total	40	100

SOURCE: Field Survey, 2015

The information in Table 2 revealed that 55% of the persons surveyed were male, and 45% female. Besides, the Table reflected that 15% of the respondents have primary education, 5% have diplomas, 50% have HND and B.Sc degrees which are actually the majority of the respondents, and 30% have Masters degree. The largest portion of the respondents fell within the 31-40 age bracket, constituting 50% of the entire population. Table 2 also showed that 80% of the respondents are married, 15% are single while 5% were either divorced or separated. The Table showed that all respondents reside in Oredo local government area of Edo state.

Discussion of Findings

The research questions were answered based on data from a field survey. Responses were organized thematically.

These themes and sub-themes are presented in a clarifying way.

1. Can you explain how the elimination of the fuel subsidy has affected the cost of living in Oredo Local Government Area, particularly for low-income households?

Theme 1: **Rising cost of transportation and the economy wide ripple effect**

Sub-Theme 1.1: Surge in transportation fares

Many respondents consistently reported that the first and most drastic visual impact was the surge in transportation fares. Omotosho (2015) explored the political economy issues surrounding the removal of fuel grants in Nigeria. From their research, the authors discovered that the abolition of fuel subsidies in Nigeria resulted in an escalated costs of transportation, food, and other goods and services. Besides, the study also uncovered that changes in fuel subsidies negatively affected the poor and vulnerable sections of the population. According to interviews with civil servants, traders,

and taxi drivers, commercial buses, taxis, and okadas were the first to respond by increasing their charges, which not only made workers students market women, and the elderly worse off but also caused significant hardship for them. One of the respondents said:

> *I regularly go to the market and I have noticed prices increasing constantly. Traders say that the abolition of fuel subsidy has led to increased transportation cost, particularly for goods brought from Northern Nigeria to the South. Hence, I have reduced the quantity of items that I usually purchase at a time since prices promptly increase by the time I come back to complete my shopping. This situation has really made it hard for low-income earners, especially women, to afford even basic necessities.*

Sub-Theme 1.2: Inflation in goods and services

Rising transportation expenses immediately caused the prices of food and other necessary items in the market to also go up. Traders said that the transportation of goods from wholesalers to local markets has now nearly doubled in cost. Government workers said it was like a domino effect, which resulted in the rise in the prices of garri rice vegetables, household consumables, and building materials. Adenikinju (2009) was trying to evaluate the effects of oil price disbeliefs, "fuel subsidies and macroeconomic performance in Nigeria." The study found that the removal of fuel subsidy in Nigeria might results to rise in inflation, lower economic development and household revenue.

Explanatory Account:

Transportation is a known major factor in how households move and how goods are distributed. When fuel prices went up after the subsidy was removed, transport operators

hiked their fares to stay afloat. This led to a general rise in prices and made things less affordable, hitting the economically vulnerable even harder. In addition, the chain reaction of inflation illustrates that the pricing of fuel in Nigeria is a chief factor in the rising cost of living across the country, with low-income households who depend mainly on daily transportation and local goods being the ones most affected.

2. Do you believe that the elimination of the fuel subsidy could affect the purchasing power of residents in Oredo Local Government Area?

Theme 2: Deteriorating purchasing power and household economic burden

Sub-Theme 2.1: Loss of salaries and wages

Personnel of civil service and trade unions argued that even their nominal wages stay the same, their actual purchasing power has decreased drastically. Things the most essential such as food, school fees, house rent, and utilities now take a bigger portion of income. Sub-Theme 2.2: Increasing household financial stress

A great number of households are facing difficulty in fulfilling their basic needs. Some respondents mentioned trying to reduce their food intake, purchasing smaller portions of food, postponing healthcare visits and giving priority to survival needs rather than goal-oriented activities like education or savings.

Explanatory Account:

The elimination of the fuel grant was a major factor in increasing inflation, which has remained ahead of the pay rises, resulting in a decrease in real income. Due to budget tightening, households are forced to give up some essential needs which include nutrition,

healthcare, and education. Consequently, many families are facing hardships and their health & wellbeing are severely affected. The increased stress levels noted particularly among women and elderly caregivers is an indicator of the enlarging disparity between household income and living expenses. This situation leads to higher risks of poverty and social exclusion.

3. How has the fuel subsidy removal impacted employment levels or job opportunities, especially in sectors dependent on affordable fuel?

Theme 3: Decreasing profitability and stability of small and medium scale businesses

Sub-Theme 3.1: Increment in the cost of production and operations

Artisans, traders, and small business owners pointed out the fact of a big increase in costs of running their businesses, especially on generator fuel, many also mentioned that; Sub-Theme 3.2: A total drop in customer demand

Since households been focusing on meeting their main needs, the demand for non-essential goods and artisan services such as tailoring welding carpentry hairdressing etc. has diminished. One of the respondents said;

> *Actually, the elimination of fuel subsidies has quite significantly affected the small business negatively in a serious way. One big factor is the transport cost which has increased by leaps and bounds as vehicle owners now charge much more for the transportation of goods. Since these additional costs cannot be absorbed by the transporters, they are handed over to the customers in the form of higher prices, which in several cases, is resulting in lesser demands. Actually, the consequence of*

this is that the profit margin goes down as soon as prices go up and demand falls, which is only a step away from extinction of the small businesses. Besides this, due to unsteady flow of electricity, I am left with no option but to use a generator to operate the equipment which leads to more costs of operations.

Rather than a simple discontinuation of fuel subsidy, the government should provide targeted assistance to micro and small enterprises, as they are the main drivers of economic growth. It is apparent that the government has not initiated any effective measures to alleviate the suffering of ordinary people, especially in Oredo. Hence, the withdrawal of fuel subsidy has posed a serious problem for my business, as a number of clients would no longer be able to pay for the increased prices.

Sub-Theme 3.3: Job losses and downsizing

Civil servant respondents reported that hiring had been declining in the transport sector, the civil service as well as small enterprises. Apprenticeships have also been suspended and casual workers laid off.

Explanation:

A lot of small businesses in Oredo depend mainly on petrol and diesel because of the poor electricity supply. Rising fuel prices have resulted in a double impact, both raising production costs and lowering customer purchasing power. This has had an adverse impact on the informal sector, which is a major base of employment and income for low-income households. This has led to job losses and business closures, and has also contributed to economic stagnation and deepening household vulnerability.

4. How has the elimination of the fuel subsidy impacted social services, such as healthcare and education, especially in areas that are reliant on affordable transportation for access to these services?

Theme 4: Deprived access to indispensable services (Education, healthcare, and social support)

After the removal of the subsidy, fuel price hikes had a direct impact on the cost of goods and services leading to a rise in inflation and a drop in the purchasing power of especially those living in poverty, Adebayo and Okwu (2023) revealed.

Sub-Theme 4.1: Deprived access to healthcare

Lecturers, civil society groups, and elderly respondents noticed new problems with healthcare services that led to the following changes;

i. Difficulties reaching clinics due to high transport fares
ii. Increased cost of medical services
iii. Delayed treatment and rise in self-medication
iv. Reduced attendance for antenatal and routine care

A higher institution of learning respondent spoke about the devastating effect of the rise in fuel prices on people's lives in the following way:

> *"Most people hardly survive on very tiny salaries without any meaningful support or relief measures in place. The first and most affected factor, besides the rise in prices, is healthcare. A lot of people-time resorting to self-medication rather than hospitalization due to the expense of a hospital visit. The choice of a local drug*

store to many in the process is buying a cheap medicine worth about twenty thousand naira (N20,000) rather than buying a good medicine worth hundred thousand naira (N100,000) in the hospital. They do not only choose the cheaper item because it is safe but rather because it is their only way in the eyes. Regrettably, this leads to a worsening of their health. The rise in fuel price has a direct and harmful impact on access to quality healthcare."

Sub-Theme 4.2: The impact of fuel subsidy on school attendance

One of the main reasons for students and teachers showing up late or even missing classes entirely has been traced to the rising costs of fares for their daily transport. Besides that, some parents actually think it's for the best that their children walk long distances. Besides these, schools are really having bigger utility bills which in turn effectively make their learning conditions less desirable.

Sub-Theme 4.3: Poor community outreach

It has been observed that government and NGO programmes like immunization drives, school support, health education have slowed down due to higher logistic costs.

Explanatory account:

The elimination of fuel subsidies sharply intensified the difficulties in acquiring essential services by low-income households. Due to higher transport fares, people boarded the bus less frequently, which made them less willing to go to school or clinic; Meanwhile, the schools and clinics increased their fees to a level they thought was affordable. As a result, human capacity development was negatively affected, and the existing inequalities,

especially those experienced by the children, the elderly, and the poor families, were further widened.

5. What do you think has been the most significant impact of the subsidy exclusion on the vulnerable populations, such as women, children, and the elderly in Oredo Local Government Area?

Theme 5: Extending vulnerability among women, children, and the elderly

Sub-Theme 5.1: Enlarged food insecurity

Women, especially widows and single mothers, are the most vulnerable group and have difficulties in buying healthy food. As a result, many families depend on less expensive but not very healthy meals. Also, Siddig et al. (2014) conducted a study on the effects of oil import subsidy removal in Nigeria and discovered that "taking away subsidies raised the poverty levels, especially in rural areas. Besides, this investigation revealed that cutting out subsidies adversely affected household consumption since households had to allocate more budget for petroleum products and less for other goods and services".

Sub-Theme 5.2: Heightened rate of transportation burden on, women and girls

Most of the time women handling domestic work, looking after kids, and carrying out market activities find themselves spending more on going from one place to another. Also, girls walk long ways to schools.

Sub-Theme 5.3: The burden of emotional and mental stress

Some respondents mentioned that their households ended up having more arguments, worries and concerns about being able to pay bills. In fact, we have noticed that even our

senior citizens are beginning to see themselves as a problem, mothers are always running out of time and energy and there is emotional burnout in families.

Explanatory account:

The truth of the matter is that when it comes to adjusting economically, the burden is placed on vulnerable groups more than others. Because of their roles in providing care for the families, women and children who rely on adults are the ones who get exposed the most to rising costs. Activities related to food, health and education are less and less accessible to the poor which in turn leads to their further deterioration and indirectly helps in perpetuating the inequalities that exist between males and females as well as between the young and the old.

6. What roles do you think the government's response (e.g., palliative measures) has played in alleviating the socio-economic effects of the subsidy removal? Have these measures been adequate?

Theme 6: Limited effectiveness of government palliatives and long-term transition plans.

According to a respondent from the civil service;

> *Being a member of the union, I have seen first-hand how the removal of fuel subsidy even more severely burdened the workers in Oredo local government area. The workers' livelihoods and overall welfare have been greatly impacted by this measure. Similar situation came about in 2012 under the administration of president Goodluck Jonathan when public protest against fuel subsidy removal was*

so intense that eventually it was reversed. These types of social upheavals cause economic activities to be brought at a standstill weakening investors' confidence and at the same time, it is a government whose capacity to carry out economic policies without the consent of the majority of the people is called into question. Moreover, a number of the workers have come to believe that the government has not kept its side of the bargain with labour unions. Union chiefs however are continuously going to the negotiation table for better conditions of employment and higher wages for workers until such time the government recognizes labour issues and deals them properly.

Sub-Theme 6.1: Temporary, and insufficient relief measures

Oil workers and union respondents noted that;

i. Cash transfer and free grain distribution provided temporary relief
ii. Wage awards did not keep pace with inflation
iii. State-level palliatives were uneven and limited

Sub-Theme 6.2: Unrealized long-term alternatives

It was acknowledged by taxi drivers and oil workers the potential of CNG buses, electric vehicles, and improved public transport. However;

i. Infrastructure is lacking

i. Vehicles and conversion kits are unaffordable

ii. Benefits remain speculative and long-term

Explanatory account:

Indeed, government actions have not been proportionate to the severity of socioeconomic problems. On one hand, emergency relief packages demonstrate that the government is aware of the issue, on the other hand, their implementation deficiencies along with their short duration, greatly hinder their effectiveness. Long-term strategies for CNG and renewable energy, on the other hand, are lacking in terms of both the necessary infrastructure and the availability of such energy sources. Eventually, people are left with no feasible alternatives to petrol-based modes.

7. **What impact do you think the fuel subsidy removal has had on the level of poverty in Nigeria? Do you think it has contributed to an increase in poverty rates, or has it led to improvements in other areas of the economy in Oredo Local Government Area?**

Theme 7: Upsurge of poverty and widening socioeconomic inequality

Sub-Theme 7.1: Increased poverty levels

Civil service workers, and union representatives argued that more households have slipped into poverty due to inflation, job losses, and reduced income. Research by Adenikinju and Taiwo (2013) "suggests that fuel subsidies were poorly targeted and had minimal impact on poverty reduction".

Sub-Theme 7.2: Immobile economic opportunities

Union workers and civil servants observed reduced hiring, slowed business expansion, and limited new investments, particularly in fuel-dependent industries.

Explanatory account:

By removing subsidies, prices immediately soared. Besides, incomes dropped, businesses became less viable, and poverty rate increased. On the other hand, the economic gains from savings and reinvestment that were supposed to happen has not taken place yet. Therefore, that gap between the immediate pain and the long-term economic benefit will be the one that increases inequality and hinder local economic development.

8. In your opinion, how has the fuel subsidy removal influenced government response toward low-income household in Oredo Local Government Area, especially in terms of palliatives?

Theme 8: The response of Government and palliatives

Sub-Theme 8.1: Temporary relief (cash transfers, food distribution)

Union workers observed reduced hiring, showed poor business expansion, and limited new investments, particularly in fuel-dependent industries. According to a respondent from the civil service;

> My understanding is that the government plays a crucial role in securing affordable food for everyone. This will be possible only if the government supports food banks, community feeding programmes, and provides mechanized agricultural subsidies that will help to stabilize food prices and increase the supply of agricultural products. Bringing back projects like operation feed the nation, will motivate local farmers to grow certain food items at relatively cheaper costs. People in Oredo local government area are in dire need of affordable food as food tension

worsening hence government intervention is strongly required. Better access to healthy food would go a long way in helping to prevent food-related health problems in Oredo as well.

Explanatory account:

Palliative measures can help to a certain extent the poorest sections of society to mitigate the impact of their difficulties and avert a humanitarian crisis. However, these palliatives are mostly through the periods, are short-lived, or hardly funded adequately. Even where these palliatives exist, there is very little structural support (like subsidies for transport operators, support for SMEs), so they are merely palliative and not curative. Nevertheless, effectiveness is greatly curtailed in Oredo local government area due to coverage gaps and targeting errors. In many situations, it is the level of transparency and predictability of government measures that determine public trust. Poor communication and unfairness perceptions increase the risk of social unrest and undermine continuation of programs.

9. How has the fuel subsidy removal influenced inflation rates and poverty in Oredo Local Government residence?

Theme 9: The challenges of poverty and broader economic effects

Sub-Theme 9.1: Temporary increase in poverty incidence

The immediate consequence is usually a rise in the number of households experiencing poverty due to consumption shocks. This is particularly the case for informal workers who lack any type of safety nets.

Sub-Theme 9.2: The potential for reallocation and efficiency gains

Removing subsidies in the long term may lead to improved resource allocation (less waste, less smuggling), which in turn could generate some fiscal space for social investment. This however hinges on the condition that these saved resources are transparently channeled to essential infrastructures.

Theme 9.3: Distribution trade-offs and policy risk

It is possible for the overall economic gains at a macro level to come along with the increased hardship of certain vulnerable groups at a short term unless measures of redistribution accompany comprehensive reform.

10. How do you think the removal of the fuel subsidy has affected transportation networks, both within cities and between regions, particularly in Oredo Local Government Area?

Theme 10: The transportation networks

Sub-Theme 10.1: The experience of higher intra-city fares and reduced mobility

Commercial transport means old and new buses and taxis, increased their fares significantly within Oredo. Fewer vehicles ply some routes nowadays as drivers tend to avoid running empty or unprofitable routes. One of the respondents who is an undergraduate in one of the institutions in Oredo expressed;

In all honesty and to be realistic, the removal of fuel subsidy has drastically changed the working conditions of the commercial workers, hitting several sectors directly. One major effect is that transportation charges which have sky-rocketed, thus causing a rise in the cost of goods and services thereby making the lives of many people living in Oredo local government area quite a struggle. Commuting around town has become a real challenge as transport fares have shot up to quite a large extent. As a result, I limit my step and only use transport if it is a very must, thus limiting social interaction and economic activities as compared to few years ago."

Sub-Theme 10.2: Inter-Regional transport costs

Connectivity's between Oredo and nearby LGAs are weaker due to costlier intercity trips. Traders and commuters travel less frequently, affecting business.

Sub-Theme 10.3: The operational challenges for transport workers

Explanatory account:

Too many Drivers now face reduced patronage, expensive spare parts, and higher operating costs, leading to tension within transport unions.

Discussion of the major findings

1. The worsening cost of living and household hardship Across all categories, civil servants artisans traders, transport workers, union members, and community actors who were respondents described a great increase in the cost of living. The basic

requirements of the citizens namely transportation food, electricity, and other basic consumables have become more expensive. Low-income households are the most affected, thereby confirming that economic shocks tend to increase vulnerabilities that already exist. Union workers, civil servants and lecturers pointed out that stagnant wages do not keep up with inflation, while artisans and traders noted that customers have less purchasing power, which has a direct impact on their daily sales and the very survival of their businesses. This is in line with the broader literature that indicates that removal of subsidies without proper support mechanisms often results in increased burden on vulnerable households leading to financial distress and decreased welfare.

2. One significant point is the perception that economic opportunities are either not growing or even have gone down. Respondents kept talking about lack of jobs, reduced business sales, and very few ways to make money. Transport workers, for example, have been hit hard as high fuel prices have not only squeezed their earnings but also restricted the number of trips they can make. Traders and artisans, on the other hand, talked about a drop in customers and rise in costs of raw materials, while civil servants shared the problems of lack of promotions and recruitment freeze. Besides, civil servants and union leaders (e.g, NUPENG) pointed out the issues with the system, the changing rules, the lack of sectoral investment, and industrial downturn which altogether make it very difficult for the economic progression. This is an illustration of how economic reforms, if not accompanied with proper support mechanisms at the local level, can inadvertently cause the slowdown of the local economies.

3. Some participants mentioned the risk of losing jobs, the halting of hiring activities, as well as the growing insecurity in the formal and informal sectors. Government employees mentioned that recruitment freezes significantly reduce the opportunities for youth employment. On the other hand, artisans and traders pointed out that apprenticeships and informal labour are disappearing due to lack of customers. Transport workers and union representatives indicated that increasing costs jeopardize their staying in the sector. This result suggests that, without policie supporting social-safe nets and focusing on SMEs, economic reforms can lead to shrinkage of the labour market.

4. 4. Inadequate Government Support for Vulnerable Groups Among all the occupations that we questioned, people widely pointed out that the government is lacking in protecting vulnerable groups. After all, almost everyone understands the rationale behind the removal of fuel subsidy, yet if we look at the immediate cushion (targeted subsidies, cash transfers, food support, and accessible healthcare), it appears that in most cases it was either weak, late, or completely missing. Civil society representatives voiced the necessity for more inclusive and transparent social protection systems taking into account global best practices in the strengthening of welfare states.

5. 5. Increase of inclusive and transparent governance Union representatives, teachers, and civil society members shared their doubts about the reliability of government procedures. They mentioned some problems including corruption, absence of transparency, inefficiency in policy communication, and very few opportunities for

stakeholder participation. Local people considered themselves left out from the decisions that most significantly changed their lives. As a result, they resisted the policies and were annoyed.

6. Interestingly, some people, especially union leaders and taxi drivers, saw the removal of subsidies as a possible way to shift to sustainable alternatives like using renewable energy, better public transport, and less government spending. Nevertheless, they stressed that the government should step up its role by channeling the necessary resources into these alternatives to ensure their availability and cost-effectiveness. This double idea indicates that citizens acknowledge the indirect gains from reforms but that the social hardships experienced right away may dissuade them from embracing the changes.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

This study has tried to explore the origins, dynamics, and consequences of fossil fuel subsidies, with particular attention to petrol subsidies in Nigeria. Globally, subsidy for fossil fuel production and consumption exist in multiple forms, including tax exemptions, direct budgetary transfers, and price controls and are often implemented with the intention of correcting market failures, supporting vulnerable populations, and stimulating economic growth. However, evidence increasingly shows that such subsidies generate far reaching distortions with environmental, economic, and social consequences, and ultimately diminish global and national welfare.

It was also necessary that this study, scrutinized the perception of fuel subsidy and its elimination in Nigeria, with particular emphasis on how these policies affect consumer buying behavior, transportation costs, business operations, and broader socioeconomic conditions. The conceptual review clarified fuel subsidy as a government mediation that artificially lowers the cost of petroleum products to make them affordable for citizens. However, decades of mismanagement, corruption, infrastructural decay, and rising fiscal burdens have rendered the subsidy regime unsustainable.

“Clarification has been observed that in Nigeria, fuel subsidies have a long, politically charged history. Initially introduced as a temporary measure during periods of refinery rehabilitation, subsidies evolved into a large-scale social policy instrument perceived by many citizens as the only tangible benefit of the nation’s oil wealth. Up until now, these subsidies have generated significant economic inefficiency, encouraged corruption,

weakened the energy sector and consumed enormous public resources, estimated at over $10 billion annually", (Falana and Ojo, 2023). Irrespective of these costs, subsidy removal has consistently triggered public unrest, most notably during the 2012 attempt, due to citizens' reliance on low fuel prices and chronic electricity shortages, unemployment, and inflation.

The establish that subsidy removal generates both direct and indirect effects. Among these are higher production and service delivery costs, escalating food prices, rising unemployment, and heightened corruption risks as wages lose real value. Government responses such as cash transfers and investments in alternative energy have produced limited results, largely due to poor implementation and low public trust. A major finding across studies is that public opposition to subsidy reform is strongly influenced by perceptions of corruption, poor service delivery, and the government's inability to transparently reinvest savings from subsidy gains.

This study also acknowledged the broader global context where fossil fuel subsidies contribute heavily to fiscal deficits, environmental degradation, and economic inefficiencies. Although many scholars argue for reform, they emphasize that successful implementation requires effective communication, social protection policies, and public trust in government institutions.

5.2 Conclusion

Based on the interpretation of this thesis, fuel subsidies in Nigeria were historically justified as a mechanism for redistributing oil wealth and stabilizing consumer prices, they

have become economically unsustainable and socially regressive. The evidence demonstrates that subsidies impose significant fiscal burdens, distort market incentives, crowd out investments in renewable energy, and disproportionately benefit wealthier households who consume more fuel.

Specifically, global research supports the view that fossil fuel subsidies undermine climate goals and limit governments' ability to invest in essential services such as healthcare, education, and infrastructure. Nigeria's experience aligns with these findings, showing that decades of subsidies enthroned inefficiencies, promoted smuggling and corruption, and hindered growth in the domestic refining sector.

Nevertheless, the study also recognizes that subsidy removal carries immediately social costs, especially in contexts characterized by high poverty rates, unemployment, and unreliable electricity supply. The 2012 protests and the post 2023 inflation spike illustrate the political and economic fragility surrounding price deregulation. The challenge, therefore, is not merely economic but also social and political, requiring careful sequencing, transparent governance, and credible reinvestment of savings to build peoples trust and the integrity of government.

Finally, the thesis concludes that fuel subsidy elimination is a necessary step toward justifiable economic management in Nigeria, the success or failure of subsidy exclusion in Nigeria depends not merely on economic logic but on governance quality, trust building mechanisms, and the establishment of credible transparent policies that genuinely improve citizens welfare, fairness, communication, and the development of alternative energy and

transparent systems that reduce the burden on low-income families and the vulnerable group.

5.3 Recommendations

i. The need to strengthen social protection measures.

The government should as necessity accompany subsidy removal with targeted palliatives such as conditional cash transfers, transport vouchers, and subsidies for small businesses to mitigate short-term hardships and inflationary shocks.

ii. The Investment of subsidy savings in visible, high-impact sectors

The government must clearly demonstrate how savings from subsidy removal are utilized. This includes publishing detailed expenditure reports, engaging independent auditors, and involving civil society organizations in monitoring projects by government. Transparent investment of savings into power supply, public transportation, healthcare, and education will build public trust and demonstrate the long-term benefits of reform.

iii. Improving energy infrastructure, especially refining capacity

The government of Nigeria must rehabilitate and expand domestic refineries to reduce on imported fuel, stabilize supply, pump prices, and minimize future price volatility. Public-private partnerships should be encouraged to rehabilitate and build refineries across the state.

iv. The essence to promote alternative and renewable energy options

The need to invest in solar energy, mini-grids, and clean cooking technologies will reduce the national dependence on PMS and provide affordable alternatives for households. Government should accelerate investments in solar, gas-powered transport, and mini-grid systems to provide affordable alternatives, especially for SMEs.

v. A strategic commitment to strengthen communication and public engagement

The government needs an evidence-based communication strategy to explain subsidy economies, highlight corruption in the previous system, and clarify how savings will be spent. An effective communication campaigns must clarify the rationale for subsidy removal, dispel misinterpretation, and build public understanding of long-term benefits, similar to global best practices.

vi. To tackle corruption and leakages in the petroleum sector

The need to improve a proper monitoring systems, digital tracking of fuel distribution, and institutional reforms will prevent the re-emergence of subsidy-related fraud. The government must empower anti-corruption agencies to investigate subsidy-related misconduct, enforce sanctions, and build citizens trust that savings will not be diverted.

vii. A conscious improvement on public transportation infrastructure

The government should develop an affordable mass-transit system (buses, rail, BRT corridors) will reduce the pressure on individual fuel consumption and lower transportation costs.

viii. Wages must be adjusted and support for SME growth

There should be a review of the national minimum wage as well as providing low-interest loans for SMEs will help households and businesses adapt to post-subsidy economic realities.

Contribution to knowledge

This study makes the following contribution to the current body of knowledge on fossil-fuel subsidies, political economy, and energy policy.

1 A contextual analysis of Nigeria within global subsidy debates.

This thesis integrates international literature on fossil fuel subsidies with Nigeria's unique socio-political dynamics, offering a richer perception of how global theories apply in resource dependent developing economies.

2 A clarification of the socio-economic trade-offs of subsidy removal

This has provided a nuanced assessment of both the long-term benefit and short-term social costs, highlighting the importance of political trust, energy alternatives, and social protection in implementing economic reforms.

3 An insight into the political economy of fuel subsidies in Nigeria

This study illustrates how subsidies became entrenched through public expectations, governance weaknesses, and institutional incentives, adding depth to existing analyses of Nigeria's petroleum sector.

4 An evidence-based framework for reform

This study through a synthesis of global findings and local realities, the thesis offers a practical, multidimensional model for subsidy removal, addressing fiscal, social, environmental, and infrastructural considerations.

5 An exquisite contribution to discussions on sustainable energy transitions

This study linked subsidy removal to climate objectives and renewable energy potential, the study enriches debates on how developing countries can transition toward cleaner and more equitable energy systems.

6 the need for policy framework for sustainable reform

This study offers a structured policy pathway combing transparency, social protection, institutional reforms, and infrastructural development, providing a practical framework for policymakers.

7 The identification of governance and trust as central variables

This study highlights that public trust in government, not merely economic indicators, is a major determinant of support for subsidy reform, aligning with emerging global literature.

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Appendix

Sample of interview questions

1. Can you explain how the removal of the fuel subsidy has affected the cost of living in Oredo Local Government Area, particularly for low-income households?

2. Do you believe that the removal of the fuel subsidy could affect the purchasing power of residents in Oredo Local Government Area?

3. How has the fuel subsidy removal impacted employment levels or job opportunities, especially in sectors dependent on affordable fuel?

4. How has the removal of the fuel subsidy affected social services, such as healthcare and education, especially in areas that are reliant on affordable transportation for access to these services?

5. What do you think has been the most significant effect of the subsidy removal on the vulnerable populations, such as women, children, and the elderly in Oredo Local Government Area?

6. What roles do you think the government's response (e.g., palliative measures) has played in mitigating the socio-economic effects of the subsidy removal? Have these measures been adequate?

7. What impact do you think the fuel subsidy removal has had on the level of poverty in Nigeria? Do you think it has contributed to an increase in poverty rates, or has it led to improvements in other areas of the economy in Oredo Local Government Area?

8. In your opinion, how has the fuel subsidy removal influenced government response toward low-income household in Oredo Local Government Area, especially in terms of palliatives?

9. How has the fuel subsidy removal influenced inflation rates and poverty in Oredo Local Government residence?

10. How do you think the removal of the fuel subsidy has affected transportation networks, both within cities and between regions, particularly in Oredo Local Government Area?