

Fuel Subsidy Reform in Nigeria: The Concerns and Panaceas

Chinedu Valentine OFOMA*
Rosemary Nneoma BARNABAS**

Abstract: Fuel subsidy had been part of Nigerian economy for a long time until 29th May, 2023 when the current government of President Bola Ahmed Tinubu brought it to an end through the process initiated by immediate past government of Muhammadu Buhari. Arguably, this development has significant implications on every sector of the country. Drawing on this perspective, this paper aims to interrogate various underexplored concerns around the reform. The paper utilized literature review-based method driven by content analysis. The major implication of this study is that the understanding of the reform and related issues will be deepened which will in turn result to informed policy recommendations among others.

Keywords: fuel subsidy, policy reform, public trust deficit and fuel subsidy reform palliatives

1. Introduction

Fuel subsidy is not a new phenomenon as some countries of the World have taken certain steps in that direction. This opinion is supported by Prinwaterhouse Coopers (2023, 2) while observing that “Fuel subsidies began in the 1970s and became institutionalized in 1977, following the promulgation of the Price Control Act which made it illegal for some products (including petrol) to be sold above the regulated price”. Available records reveal that out of 96 countries with data for fuel subsidies

* Department of Public Administration Federal University Lokoja Kogi State, Nigeria, Corresponding author: chinedu.ofoma@fulokoja.edu.ng

** Department of Public Administration Prince Abubakar Audu University (PAAU) Anyigba, Kogi State, E-mail: rosemarybarnabas22@gmail.com



Copyright: © 2025 by the authors.
Open access publication under the terms and conditions of the
Creative Commons Attribution (CC BY) license
(<https://creativecommons.org/licenses/by/4.0/>)

and aid, 59 percent have subsidies that are bigger than all official development assistance (aid) received by the countries (McCulloch 2017) and they are widespread in Middle East and African countries including sub-saharan Africa (McCulloch 2019).

Nigeria state is not an exception as successive governments had been implementing fuel subsidy policy. "Subsidy payments by the government to national oil company and other marketers of petroleum products in Nigeria in 2010 was about US\$4.6 billion compared to the total capital allocation of US\$3.76 billion to priority sector such as defence and internal security, health and education, essential infrastructure, and agriculture and resource development in the 2010 annual budget and this amounts to about 4.4% and 3.6% of the GDP" (Ismail and Xiaoyi 2015, 314). However, there are strong proponents of fuel subsidy in Nigeria in spite of the huge sum of money spent by government on it. The intense debate on fuel subsidy in Nigeria had continued until 29th May, 2023 when the current government of President Bola Tinubu brought fuel subsidy in Nigeria to an end amid the inauguration of the government. Various studies have attempted to provide a strong scholarly basis upon which fuel subsidy as well as its reform could be understood (Ismail and Xiaoyi 2015; Inchauste and Victor 2017; McCulloch 2017; McCulloch, Moerenhout and Yang 2021; International Monetary Fund 2022; Ozili and Obiora 2023). Notwithstanding, there are serious issues around fuel subsidy reform in Nigeria that are grossly underexplored, hence, this study which is framed to interrogate those pressing concerns and proffer workable solutions. The paper proceeds by examining the conceptual framework of fuel subsidy and traces the trajectory of fuel subsidy in Nigeria together with its debate. The third section of the study interrogates fuel subsidy reform in Nigeria as well as its impacts. The ensuing section investigates governments mitigating efforts while the fifth section attempts to assess public trust deficit in the context of the reform. The next section evaluates the extent of political will of the government using the fuel subsidy reform as a basis while the following sections provide the theoretical underpinning of the discourse and concluding remarks respectively.

2. Methods

This study utilizes a literature review-based method driven by content analysis. As a concept, literature review is differentiated by a replicable and methodological tool used in determining and ascertaining the condition of art in some fields of study (Fink 2005). It combines research methodologically, lucidly and reproducibly in

order to deepen understanding and guide conduct and policy (Tranfield, Denyer and Smart 2003). Accordingly, this paper is encouraged to adopt the method by concentrating on peer-reviewed papers that interrogate issues around fuel subsidy reforms across the globe but with more focus on Nigeria. Consequently, a keyword search was conducted using SCOPUS and Web of Science (WoS) databases. These databases form a main aspect of tools used in this methodology. Where available, the Digital Object Identifier (DOI) and Uniform Resources Locators (URL) of the papers were also stated for transparency purpose. The justification for this selection is explained in the submission by Thome, Scavarda and Scavarda (2016) in Chantal and Andrea (2023) that the two databases have a comprehensive nature and wider utilization in social sciences publications which is where this topic falls under. Beyond this, using these citation databases ensures access to more studies because they index many vendor and journal databases.

The paper also utilized articles from government institutions, media and international organizations. The key variables in this study are fuel subsidy and fuel subsidy reform among others. A discovery was made during the screening of the articles as some papers used petrol instead of fuel. However, this did not have significant impact on the discourse. Papers on public policies and programs in general were not considered due largely to their irrelevance to this study. Meanwhile, it is contended that bias is a critical factor that undermines quality collection of data which may in turn impede the validity of findings as well as the quality of the study. In an attempt to prevent this challenge, the study adopted a two-stage process whereby peer-reviewed papers which failed to show significant level of relevance through their titles and abstracts were perused so as to make cogent decision. Therefore, three hundred (300) articles were reviewed with the use of formal inclusion and exclusion criteria and seventy (70) were considered significantly relevant to the study. In the course of reviewing literature for methodology, papers interrogating issues outside the scope of the study should be discarded (Demartini 2013; Centobelli, Cerchione and Esposito 2017).

3. Defining Fuel Subsidy

Fuel subsidy can be conceptualized as social responsibility of a government aimed at reducing the fuel, apparently for the benefits of the poor citizens ((Ogunbodede et al. 2010). However, fuel subsidy is more beneficial to the rich than the poor because the former consumes more fuel than the later (Azal del Granado, Coady and Gillingham 2012). Looking at it from its impacts, Kojima & Koplou (2015) argue that

fuel subsidy is “any policy action that targets fossil fuels, or fossil fuel-based electricity or heat, and causes one or more of the following effects: (1) a reduction of net energy costs; (2) a reduction of energy production or distribution costs; and/or (3) an increase in the revenues of energy suppliers”. Fuel subsidy can take place in so many ways but it can be broadly categorized into consumer and producer subsidies (Whitley 2013; GSI 2010a, 2010b; International Energy Agency 2014a). Consumer subsidy is defined as fiscal initiatives adopted to reduce the price of fuel products below their market price thereby enhancing their affordability for consumers. It is imperative to observe that consumer subsidy can be easier to examine using available data than producer subsidy. On the other hand, producer subsidy is viewed as added advantages for exploration or production of fuel given to energy-intensive companies, firms, industries or products (Bast, Doukas, Pickard, van der Burg and Whitley 2015; Bast, Makhijani, Pickard and Whitley 2014; GSI 2010a). Producer subsidy can either be clearly stated or implicit. It is explicit when it includes exemptions from tax, loans and grants and it is implicit when it involves research funds, credit and government guaranteeing for procurement contracts (OECD 2011; UNEP 2003; Whitley 2013). “The Global Subsidy Initiative (GSI) estimated producer subsidies for a series of countries, but estimates vary widely due to data issues (GSI 2012). Overall, producer subsidies are thought to be in the range of US\$ 80 billion to US\$ 285 billion annually in emerging and developing countries, and US\$ 452 billion in the G20 countries” (Bast et al. 2015; OECD 2013; Whitley 2013).

Building on the above discussion strengthens the argument that fuel subsidy entails concerted efforts made by the government to reduce the financial burden on the citizens. Ideally, the beneficiaries of fuel subsidy are always the citizens mostly the vulnerable or poor. Specifically, there can be either consumers or producer subsidy. Consumer subsidy takes place when the government adopts measures to make fuel affordability for its citizens by directly making payments to take care of certain percentage of the actual amount of the fuel before getting to the end-users. The producer subsidy is seen when the government provides assistance in any form with a view reducing the cost of production and by extension making it affordable for the people. On the whole, the essence of fuel subsidy in a country under normal circumstance is for the benefits of the masses precisely the poorest of the poor.

4. The Trajectory of Fuel Subsidy in Nigeria and the Debate on its Reform

Fuel subsidies came into existence in Nigeria in 1977 as a temporary fiscal measure aimed at alleviating oil price increase but had been retained by successive governments (International Institute for Sustainable Development 2016). This opinion is reinforced in the submission of International Energy Agency (2013) that Nigeria is one of the countries that have controlling mechanism for energy prices as well as a top country with fuel subsidy. Between January, 2012 and July, 2013, federal government of Nigeria spent US\$10 billion as a result of fuel subsidy, an amount which was significantly higher than education and health budget put together (McCulloch and Okigbo-III 2015). Following this line of thought, Adenikinju (2009) avers that between 2006 and 2008, ₦1,173.2 billion (US\$9.7 billion) went into fuel subsidy in Nigeria. A wider observation of this is done by SDN (2015) while submitting that the amount spent on subsidies rose significantly from ₦188 billion to ₦ 971 billion between 2007 and 2014.

Arising from the above background has been mixed reactions over fuel subsidy as different schools of thought have emerged. The pro-subsidy proponents have argued that the policy may not be sustainable but its removal would result to untold hardship on ordinary Nigerians as government appears to have demonstrated little commitment towards better alternative which is fixing refineries in the country. Nigeria Labour Congress is one of the leading proponents of this fuel subsidy in spite of its admission of corrupt practices associated with the policy in Nigeria. Contributing to this discourse, Ismail & Xiaoyi (2015, 314) contend that "Opponents of the reform include petroleum product marketers, labour unions, civil right groups, and sometimes the general public. They argue that the government may fail to provide adequate protection for the vulnerable income groups if the subsidies are removed". Looking at it from perspective of relevance to Nigeria society, Houeland (2017) submits that demonstrations against fuel subsidy removal boost and strengthen trade unions mobilizing capacity and relevance. Beyond this, the subsidy issue is fundamental in developing class solidarity and widening social structure for labour movement in Nigeria. Protest against fuel subsidy reform resulted to formal alliance between Nigeria Labour Congress, Trade Union Congress and Joint Action Front known as the then Labour and Civil Society Organi-sation (LASCO). In addition, it developed popular support needed by trade unions to champion other social courses such as increase in minimum wage and pensions among others (Okafor 2009). Affordable petrol motor spirit is understood to be a right in oil-producing nations such as Nigeria where there is grossly inadequate social benefits

with government's inability to adequately cater for citizens' welfare (Guyer and Denzer 2013; Houeland 2017).

The other side of the divide is the opposing school of thought (proponents of fuel subsidy reform) who believes strongly that fuel subsidy in Nigeria has outlived its usefulness thereby doing more harm than good. Thinking in this direction, Isiani et al (2021) contend that fuel subsidy removal will result to availability of funds needed for provision of infrastructural facilities in the country. Removal of fuel subsidy is the way to make progress as it will lead to reduction in income inequality (International Monetary Fund, 2022). It is further argued that fuel subsidies are injurious to the poor and beneficial to the rich since they (the rich) are biggest consumers of petrol motor spirit (Skovgaard and van Asselt 2018).

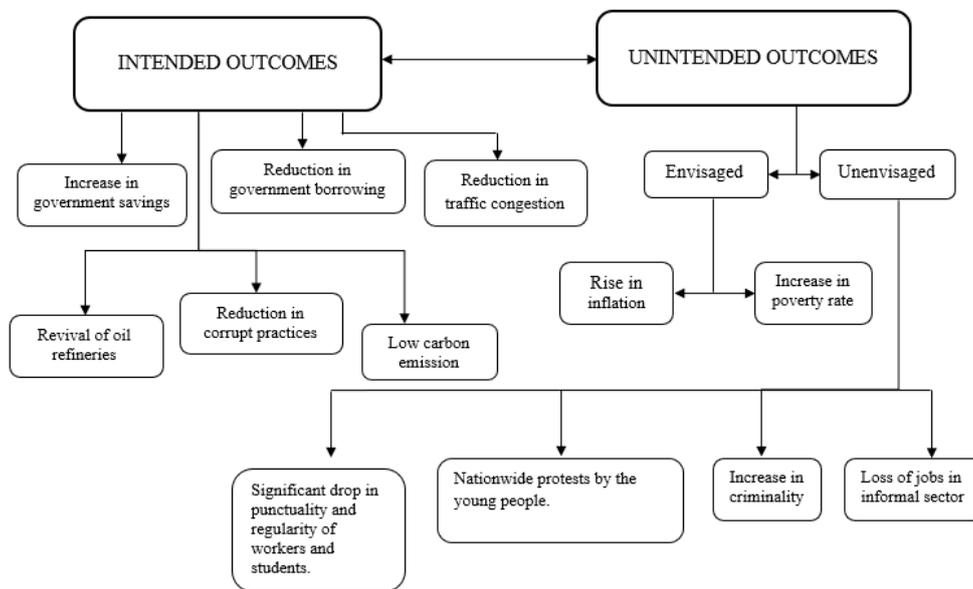
The federal government of Nigeria had at certain points made unsuccessful attempts towards fuel subsidy reform. First effort made geared towards subsidy removal although met strong resistance was in 1985 after Nigeria civil war of 1967-1970. This was when the country was faced with oil crisis in the late 1970s resulting to high indebtedness to the extent that the country's per capita income decreased from \$ 874 to \$ 270 between 1980 and 1991 (World Bank, 2020). Another unsuccessful fuel subsidy reform attempt was made in 2012 by the Jonathan's government. This is why Ismail & Xiaoyi (2015) aver that several efforts made to remove fuel subsidy were resisted. The reform attempt was a shift in thinking towards having a neoliberal economics, structural modifications and austerity measures but civil servants and ordinary citizens view it to be tantamount to unemployment, reduction in welfare and deteriorating standard of living (Viinikka 2009). This argument is strengthened in the submission of Meagher (2010: 57) while positing that fuel subsidy reforms "triggered sky-rocketing inflation, averaging 200% per year between 1985 and 1999, as well as severe unemployment, which stood at over 25% in 1997. The popular impact has been one of intense pressure on livelihoods and a surge of entry into informal economic activities". In spite being of one the strong opponents of fuel subsidy removal in 2012, Muhammad Buhari as the Nigeria President made efforts towards fuel subsidy reform. "In June 2020, the Nigerian federal government (FGN) announced that it has removed the fuel price cap" (International Monetary Fund 2022, 1). The move however faced strong resistance thereby compelling the government to review it by retaining the subsidy implicitly and providing for its gradual phase out. This served as a solid foundation for the eventual removal of fuel subsidy by current government of Bola Ahmed Tinubu on 29th May, 2023 upon assumption of office. Expectedly, the policy reform met opposition from some quarters. In its press release titled "Do Not Dare the People",

Nigeria Labour Congress expressed its strong opposition to the policy and demanded for its reversal (Nigeria Labour Congress 2023). But the government seems to be resolute, hence, the continuous implementation of the reform which arguably has far reaching implications on every aspect of Nigeria society. This “no going back posture of the government” arouses curiosity as to government’s plan for unintended consequences which the next section of the paper partly centres on.

5. Fuel Subsidy Reform in Nigeria and its Attendant Impact

Conceivably, public policies across countries have intended and unintended consequences and that is why proactive and responsible governments put in mitigating measures against the unintended consequences before the policies come on stream. Ezeani (2006) lends credence to this submission while maintaining that policy outcomes are categorized as intended and unintended which usually result from the actions/inactions of political authorities.

Accordingly, this paper views intended and unintended consequences of fuel subsidy reform in Nigeria as positive and negative outcomes respectively. Furthermore, the negative outcomes are decomposed into envisaged and unenvisaged as modeled below.



Source: Authors' model (2025)

6. Governments' Mitigating Measures

As Ezeani (2006) contends, policy outcomes are repercussions for the people (intended and unintended) emanating from action or inaction of government. If we agree with this submission as accentuated in the view of Dye (1981: 8), that a policy is "whatever government chooses to do or not to do", then we must accept that whatever government does or fails to do must have impact on the society which the government is duty bound to make provision for. Drawing on this perspective is a discourse on government mitigating initiatives for unintended results of fuel subsidy reform. There is contradictory evidence as to whether fuel subsidy should go or not but a consensus has been reached that its removal would impact greatly on every aspect of Nigeria state especially due to the place of petrol motor spirit in the socio-economic activities in the country. This position is buttressed in the assertion of Ogubodede, Ilesanmi & Olurankinse (2010) that Nigeria economy relies on petrol motor spirit especially in the areas of movement of goods and service delivery. Petrol motor spirit can hardly be used for manufacturing goods in Nigeria but its place in distribution of goods and services suggests that its price increase will result to inflation (Gidigbi and Bello 2020). "Our economy is going through a tough patch and you are being hurt by it. The cost of fuel has gone up. Food and other prices have followed it. Households and businesses struggle. Things seem anxious and uncertain. I understand the hardship you face. I wish there were other ways. But there is not. If there were, I would have taken that rout as I came here to help not hurt the people and nation that I love" (President Tinubu cited in Premium Times 2023, 1).

Arising from this understanding, President Tinubu in his broadcast acknowledged the pains of Nigerians and outlined certain initiatives of his government to cushion the effects of fuel subsidy removal on Nigerians. The federal government is collaborating with sub-nationals (state and local governments) to execute measures that are capable of reducing the negative impacts of the policy reform. Efforts have already been made by signing four Executive Orders aimed at solving the problems around fiscal policies and multiple taxation which impact negatively on businesses. There is plan to inject ₦75 billion between July, 2023 and March, 2024 manufacturing sector in order to enhance capacity, broaden the sector and create job opportunities. Micro, small and medium enterprises and informal sector will be energized with ₦125 billion. It is our intention to provide buses across the federal for mass transit at a very affordable rate. Specifically, provision has been made to invest ₦100 billion in eight (8) months to buy 3000 units of 20-seater CNG-fuelled buses. Furthermore, we are in touch with labour unions for upward review of national minimum wage

(President Tinubu cited in Premium Times 2023). While the process of upward review of national minimum wage has been activated, the Federal government has also commenced the implementation of monthly wage award of ₦35, 000 starting from September, 2023 to federal workers until the new minimum wage is signed into law.

An attempt by federal government to implement one of the measures by way of digitally paying ₦8,000 monthly to 12 million vulnerable Nigerian families received strong constructive criticism from the people thereby compelling the government to review it. Also, the sum of ₦2 billion and 180 trucks of rice were released to each state including Federal Capital Territory aimed at procuring foods items among others for distribution to the poor. This is part of ₦5 billion approved by Federal Government to each state for that purpose. However, some Nigerians including labour unions have expressed strong reservations over federal government's approach in mitigating the negative effect of fuel subsidy reform. For instance, Nigeria Labour Congress argues that the federal government desire to give 2 billion and trucks of rice to state governments is tantamount to enriching the state governors with palliatives meant for the vulnerable Nigerians. "If we accept the position of National Bureau of Statistics that we have 133 million Nigerians that are multi-dimensionally poor before the subsidy removal. And after the subsidy removal, the number must have increased or doubled. If you multiply ₦5 billion by 36 states and Abuja, you will get about ₦185 billion. If you divide it by 133 million which is multi-dimensionally poor, each person will not get up to ₦1, 500. Is that the palliative? You will take the palliative and give to the governors. It is obvious that anything you call palliative and give to the governors is not workers. We all remembered how former President Buhari gave them money to offset salaries of workers but they refused to use the money to better the lives of Nigerian citizens" (Nigerian Tribune 2023). The above position of Nigeria Labour Congress is rooted in lack of trust on state governors. While there are substantiated allegations of misappropriation of funds among state governors but the fact that there are new governors that just assumed office on 29th May, 2023 attempts to reduce the strengths in NLC's argument.

This brings to mind the issue interrogated in this paragraph which focuses on the assessment of the palliatives offered to citizens by state governors in their various states. Nigeria is a country of thirty six (36) states excluding Federal Capital Territory (Abuja). The states are under six geopolitical zones which are North-east (Adamawa, Bauchi, Brono, Gombe, Taraba and Yobe); North-west (Jigawa, Kaduna, Kano, Kebbi, Kastina, Sokoto and Zamfara); North-central (Benue, Kwara, Kogi,

Nasarawa, Niger and Plateau); South-east (Abia, Anambra, Ebonyi, Enugu and Imo); South-west (Ekiti, Lagos, Ogun, Ondo, Osun and Oyo) and South-south (Akwa-Ibom, Bayelsa, Cross River, Delta, Edo and River). For the purpose of this particular part of the study, two states will be selected to represent each geopolitical zone.

Table 1. State governments fuel subsidy reform palliatives

S/N	State	Type of palliative	Targeted beneficiaries
	Abia	3, 000 bags of rice (50kg)	Poorest of the poor
	Ebonyi	₦10, 000 salary increment	State workers
	Delta	Award wage of ₦10, 000	Civil servants
	Edo	Free bus ride	1, 527, 000 residents
	Kwara	Monthly wage award of ₦10, 000	All public sector workers
		Reduction of working days to 3days	All public sector workers
		Hazard allowance & CONMESS	Consultants and Medical Doctor
		Free bus ride	Students of tertiary institutions
	Nassarawa	Food items (Rice, Vegetable oil, maggi & Noodles)	People of the State
	Lagos	Food boxes	Vulnerable citizens
		50% fare reduction in BRT ride	Residents
	Ogun	Rice	Residents
	Kebbi	210 truckloads of grains (rice, millet and maize)	Vulnerable persons
	Sokoto	Provision mass transit busses	People of the state
		At affordable rate	
		20 Toyota Camry cars	Women in the state
	Bauchi	Rice	Vulnerable households
	Borno	Bags of rice and beans	300, 000 households
		70 buses	Civil servants

Source: Compiled by the Authors

It is still debatable whether it is mature to assess the impact of the palliative measures implemented by federal government and sub-nationals considering that it is barely fourteen months of fuel subsidy reform and its accompanying palliatives. However, the reality does not suggest that the palliatives have in any way reduced the negative impacts of the policy reforms as prices of goods and services soar higher with poverty being deepened. In addition, the critics of the policy have consistently contended that the palliatives have not and will not impact significantly on the people considering the poor level of sincerity and commitment of members of the political class in implementing them. This argument appears stronger when married

with the fact that certain sub-national governments have not started implementing the palliatives measures after fourteen months into the policy reform.

7. Fuel Subsidy Reform and Public Trust Deficit

Trust in government has emerged as a critical factor that determines the level of public support for government policies, programmes and reforms. Trust is a vital component of functioning society as it builds citizens' confidence in public institutions and encourages them to support and cooperate with the institutions which in turn result to socio-economic development. It enables government to formulate and implement policies and deliver services. It is revealed that greater public trust enhances compliance in regulations and taxation among others. Success in realizing most of the Sustainable Development Goals largely depends on trust in public organizations (United Nation, 2015).

The above discussion opens up the place of public skepticism in Nigeria federal government's promises to channel funds saved from fuel subsidy removal to productive sector of the economy. While bringing fuel subsidy to an end, President Tinubu observed that his administration will re-direct the funds to critical areas such as infrastructural facilities, education, healthcare and job creation (Daily Post 2023). Arguably, the public mistrust especially that of the labour unions in accepting fuel subsidy reform as a way to go is underscored in the antecedents of members of political class in the country which the President cannot be completely exonerated from. The fact that the ruling party (All Progressive Congress) which implemented fuel subsidy reform was a strong critic of the policy while as an opposition party strengthens this argument of public mistrust. For instance, the immediate past President (Muhammadu Buhari) of APC who led foundation for the current fuel subsidy reform vehemently criticized the reform in 2012 and even led a protest against the People's Democratic Party's government attempt to remove fuel subsidy. The current President, Bola Ahmed Tinubu was also a known critic of fuel subsidy reform. This assertion is further established in the submission of Houeland (2020) that influential former governor, Bola Tinubu and immediate past Minister of Works (Babatunde Fashola) both of then Action Congress were actively involved in protests against fuel subsidy removal by Jonathan's government. Disturbingly, Premium Times (2023) reports the President (Bola Tinubu) as saying "For several years, I have consistently maintained the position that the fuel subsidy had to go. This once beneficial measure outlived its usefulness. The subsidy cost us trillions of Naira yearly. Such a vast sum of money would have been better spent on public

transportation, healthcare, schools, housing and even national security". Where then do the people get the trust from? Who among the political class has earned the public trust as trust is earned? Since trust in political authorities seemingly determines the citizens' openness to subsidy reforms (Moerenhout et al. 2017; Inchauste and Victor 2017) and credibility of the government is established upon the impression that government is committed to execute reforms and redirect or re-channel savings from reforms (Beaton et al. 2013; Bridel and Lontoh 2014; Baig et al. 2007; Indriyanto et al. 2013; Scobie 2018).

The expression of former Governor of Ekiti State (Dr. Kayode Fayemi) who also participated actively in ant-fuel subsidy reform in 2012 further explains and deepens the public mistrust over the reform. "A former Governor of Ekiti State, Dr. Kayode Fayemi, on Tuesday, said the protest that trailed the fuel subsidy removal during the administration of President Goodluck Jonathan in 2012 was due to political interests. Fayemi said this in his keynote address delivered at a national dialogue organized to celebrate the 60th birthday of the founding National Secretary of Alliance for Democracy and Fellow, Abuja School of Social and Political Thought, Professor Udenta Udenta in Abuja" (Punch 2023). It is therefore conceivable that the contradictions and inconsistencies of the ruling class deepened public mistrust over fuel subsidy reform. The credibility of government has impact on citizens' openness to fuel subsidy removal (Moernhout et al. 2017; Inchausate and Victor 2017) and this is connected to skepticism over government's capacity to execute fuel subsidy reforms and re-channel savings from the reforms appropriately (Beaton et al 2013; Bridel and Lontoh 2014; Scobie 2018). There is perception of mistrust in Nigeria (Ogbu 2012), especially in the area of alarming seeming corruption, with so many critics of the reforms such as labour unions pointing out government's inability to offer protection to the poor (Soile and Mu 2015; Bashir 2013; Nwachukwu et al 2013; Akov 2015). Empirical findings reveal that few Nigerian citizens believe that government is less corrupt and can execute fuel subsidy reform social protection schemes (McMulloch 2021; Okonjo-Iwala and Osafo-Kwaako 2007; Bashir 2013; Akove 2015).

While the immediate past government of Buhari was laying foundation for removal of subsidy, it did assure Nigerians that Dangote refinery, which was being put in place on public-private partnerships basis would come on stream by July, 2023. Lugubriously, the government is yet to walk the talk four months after the promised month (July). This is aside several promises made by the members of political class to fix the country's refineries especially during electioneering campaigns. For instance, Premium Times (2023) reports that former President Buhari and his party

(All Progressive Congress) while campaigning in 2015 lambasted the then People Democratic Party led government of failing to address fuel related issues by fixing the refineries in the country. Acknowledging that fuel subsidy is a scam, the then presidential candidate of APC promised to execute reforms by fixing the refineries if emerged as the President. It is disheartening but usual that the party (APC), after winning the election and even getting re-elected twice failed to fix the refineries.

Following this line of thought leads to the argument that the antecedent of members of political class in the country under the guise of politics is at variance with the consensus that trust is earned. Leadership is integrity, reliability and consistency to the extent that popular support for government policies and programmes is gained by track record. The continuous demonstration of political gimmick by the political elites explains crises of public trust accompanying government reforms and initiatives in Nigeria.

8. Fuel Subsidy Reform in Nigeria: Where is the Political will against Corruption?

One of the major reasons advanced for fuel subsidy reform in Nigeria was its corruption sensitivity. The proponents of this perspective have attempted to support it with various corrupt practices around fuel subsidy in the country. A typical example of shoddy dealings around fuel subsidy was revealed by the findings of National Assembly's Committee on Administration of subsidies headed by Farouk Lawal which was the loss of ₦232 billion on account of oil marketers' non-supply of petrol motor spirit having been paid. It was also indicated that 31 million liters of petrol motor spirit were supplied per day as against 60 million liters claimed by the oil marketers (Channels Television 2012; BBC 2013). Arguably, the chairman of Administration of Subsidies Committee allegedly got involved in corrupt practices by way of receiving kick-back from the marketers involved in the shoddy dealings (BBC 2013). Similarly, Premium Times (2023) reports President Tinubu as acknowledging that fuel subsidy is basically funds channeled to selected private individuals. This group had accumulated so much wealth and influence that they pose a significant threat to the fairness of our economy and the integrity of our democratic system of government. To put it bluntly, as long as these unelected, small, strong groups continue to exert significant influence over our political system, economy, and institutions of governance, Nigeria will never be the society it was designed to be. Adekeye & Ofoma (2023) agree with this submission while observing

the blame game witnessed between the executive and legislative organs of over poor execution of constituency projects on account of fraudulent practices.

The above background suggests that Nigerian state has built individuals who cannot be brought to book, hence, the only effective way to manage them was to remove fuel subsidy that would have devastating impact on vulnerable Nigerians. This particular justification was equally put forward by proponents of new currency policy implemented by the immediate past government. Prior to 2023 general election in the country, advocates of the new naira policy had argued that the initiative was capable of addressing certain challenges including checkmating the cash stockpiled for illegal political activities. If we admit that this perspective is strong enough to warrant fuel subsidy reform, we have by implication admitted that we have raised individuals who are more powerful than Nigerian state; and that the anti-graft agencies such as Economic Financial Crime Commission (EFCC) and Independent Corrupt Practices and other related matters Commission (ICPC) are significantly ineffective in discharging their primary responsibility.

Consequently, it can be argued that the political will to combat corrupt in Nigeria is seriously lacking, hence, government's decision to drop a better idea of sustaining fuel subsidy on account of corrupt untouchables.

9. Theoretical Underpinning of Fuel Subsidy Reform in Nigeria

This study has its theoretical foundation laid in Elitism which is traceable to works of Gaetano Mosca (1858-1941), Vilfredo Pareto (1848-1923), Robert Michels (1876-1936) and Max Weber (1864-1920). The common understanding among the theorists is a strongly divided society comprising of the ruling minority (the elites) and majority (the masses) where the former possesses the political power to take or impose decisions on the majority. Agreeing with this observation, Mariotti (2020) argues that the above proponents "started this new strand of study, focusing not only on the assumption that every society is characterized by an asymmetric distribution of political power but investigating who holds the power, how, on which basis, for what reasons, with which justification, and how the power can move from a small group to another". This argument about the elites' possession of political power has been further interrogated to establish who the 'political power' is held for. Pinning it down to public policy, Ezeani (2006) asserts that public policy in a country is formulated and implemented to serve the interests of the ruling minority, one of which will probably be to take care of the citizens.

However, certain arguments have been put up against the strength on Elite theory. Abdulsalami (1998, 4) contends that “In structurally diffused or “undefracted” societies, elite formation and, therefore, elite values and identify, are relatively undeveloped”. For instance, in Nigeria, elite interests have always been overtaken by ethnic and religious preferences when policies and programmes are executed based on these considerations (Abdulsalami 1998). There have been situations in Nigeria where the ruling minority executed policies, programmes and initiatives which were more favourable to their ethnic and religious groupings than their fellow elite (Ezeani 2006). In a similar vein, Ofoma (2023, 35) submits that “The post-colonial Nigeria which is the current period appears not to have made much progress developmentally as impunity, parochial/elites interest, corruption and secessionist agenda are the realities. Those who have found themselves in corridors of power have greatly abused the power with their blatant and unapologetic pursuit of parochial and sectional agenda which has resulted to tribalistic appointments, execution of projects and programs in favour of one ethnic group against the other among others”.

As cogent as the foregoing argument against the theory appears, it suffices to contend that the submission does not fit into the current fuel subsidy reform in Nigeria that is driven by elite values and preferences. Arguably, the policy reform around fuel subsidy in the country knows neither ethnicity nor religion but the ruling minority. The manifestation is the significant increase in monthly allocation accruable to various levels of government in the country which the ruling elite use in advancing their political and economic interests rather than developing the country. In the month of June, 2023, Federal government, states and local governments got a total of ₦369.00 billion, ₦299.92 billion and ₦221.79 respectively as against ₦274.84 billion, ₦290.71 billion and ₦213.67 billion and ₦276.14 billion, ₦232.13 billion and ₦171.26 billion respectively (National Bureau of Statistics, 2023). Establishing the nexus between fuel subsidy reform and increase in government revenue, Premium Times (2023) reports that “The removal of the subsidy has caused hardship for many Nigerian with its attendant increase in the prices of goods and services. However, the subsidy removal has led to increased government revenue with total distributable revenue increasing from about ₦786.161 billion in May to about ₦1.9 trillion in June as the government earned money that would in the past be used to subsidize petrol”. How then does one juxtapose this significant increase in revenue allocation to the three tiers of government with the present condition of an average Nigerian citizen?

Also, the current government over-bloated cabinet and concerted efforts to purchase SUVs Jeep worth of ₦160 million to each federal lawmaker in the face of unprecedented hardship being faced by the citizens as a result of fuel subsidy reform suggests the real beneficiaries of the reform. This explains the consideration of the present government's advice to the masses to tighten their belt due to the hardship as an insult to the sensibilities of Nigerian citizens. The validity of this opinion is strengthened in the submission of Ezeani (2006, 299) that "public policy analysis is largely an exercise primarily aimed at identifying which elite group(s) is or are benefiting from a particular public policy".

10. Concluding Remarks and Policy Recommendations

This paper is a strong attempt to throw up as well as investigate issues of serious concern about fuel subsidy reform in Nigeria which have remained largely underexplored. Given this broad objective, the paper outlined various impacts of the fuel subsidy reform including the ones that were not thought of. This is prior to the debate in favour and against the reform. Also, the paper was able to strongly establish that public trust deficit was a critical factor that contributed to the resistance to fuel subsidy reform by Nigerians especially the labour unions. Analysis of governments' fuel subsidy reform palliatives was equally made to find out the extent to which they can address the resultant effects of the reform. However, this paper submits that the palliatives have very insignificant impacts considering the poor level of sincerity and commitment of the governments in implementing them. The paper has its theoretical foundation laid in Elite theory upon which it was vehemently argued that the fuel subsidy reform in Nigeria was driven by the interest of members of political class as demonstrated by over-bloated cabinet and concerted effort to purchase SUVs vehicle for federal makers at outrageous amount unlike the palliatives offered to the vulnerable.

Drawing on the above discussions, this paper recommends as follows:

1. Fuel subsidy should urgently be re-introduced until the refineries in the country become functional.
2. Governments at all levels must urgently and deliberately embark on self-redemption mission to earn the citizens trust.
3. Anti-graft authorities such as Economic Financial and Crime Commission (EFCC) and Independent Corrupt Practice and other related matters Commission (ICPC) should be strengthened for effective performance.

4. Going forward, policies should be well thought out. This will among others enable the policy makers put mitigating measures in place before implementing the policy reform.
5. Concerted and sustained efforts are needed to improve political communication between the governments and the people. Therefore, a re-discovery of philosophy and mission of Ministry of Information and National Orientation Agency is of utmost importance.

References

- Abdulsalami, J. (1998). Public policy: Concepts, approaches and processes. In I.N. Obasi and N.O. Yaqub (eds). *Local government policy making and execution in Nigeria*. Ibadan.
- Adekeye, J.A. and Ofoma, C.V. (2023). Implementation of federal constituency projects and the development of infrastructure in Kogi State (2012-2022). *Journal of Public Administration Studies*, 8(2), 41-49. URL: <http://www.jpas.ub.ac.id/index.php/jpas>
- Adenikinju, A. (2009). *Energy pricing and subsidy reforms in Nigeria*. Retrieved from: <https://www.researchgate.net/publication/267710347>
- Akov, E. (2015). Fuel subsidy corruption and the illusions of economic reconstruction in Nigeria. *Academic Journal of Interdisciplinary Studies*, 4 (1).
- Arze del Granado, F. J., Coady, D. and Gillingham, R. (2012). The unequal benefits of fuel subsidies: a review of the evidence for developing countries. *World Development*, 40, 2234-2248.
- Baig, Taimur, Amine, Mati, Coady, David and Joseph, Ntamatungiro. (2007). Domestic petroleum product prices and subsidies: recent developments and reform strategies. *IMF Working Paper 07/71* IMF. [https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Domestic-Petroleum-Product-Prices-and-Subsidies-Recent-Development s-and-Reform-Strategies-20608](https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Domestic-Petroleum-Product-Prices-and-Subsidies-Recent-Development-s-and-Reform-Strategies-20608).
- Bashir, D. (2013). The economic implication of fuel subsidy removal in Nigeria. *International Journal of Business and Administrative Studies* 2 (4), 103-107
- Bast, E., Makhijani, S., Pickard, S., and Whitley, S. (2014). *The fossil fuel bailout: G20 subsidies for oil, gas, and coal exploration*. London: Overseas Development Institute & Oil Change International.
- Bast, E., Doukas, A., Pickard, S., van der Burg, L., and Whitley, S. (2015). *Empty promises: G20 subsidies to oil, gas and coal production*. London: Overseas Development Institute & Oil Change International.
- BBC (2013). *Nigerian Farouk Lawan charged over \$3m fuel scam 'bribe'*. Retrieved from: <https://www.bbc.com/news/world-africa-21294154>

- Beaton, C., Gerasimchuk, I., Laan, T., Lang, K., Vis-Dunbar, D. and Peter, W. (2013). *A guidebook to fossil fuel subsidy reform*. International Institute for Sustainable Development.
- Bridel, A. & Lontoh, L. (2014). *Lessons learned: Malaysia's 2013 fuel subsidy reform*. Technical Report. Global Subsidies Initiative.
- Channels Television (2012). *Full report of the ad-hoc committee on the subsidy regime in Nigeria*. Channels Television. Retrieved from: <https://www.channelstv.com/2012/04/21/full-report-of-the-ad-hoc-committee-on-the-subsidy-regime-in-nigeria/>.
- Centobelli, P., Cerchione, R. and Esposito, E. (2017). Environmental sustainability in the service industry of transportation and logistics service providers: Systematic literature review and research directions. *Transportation Research Part D. Transport and Environment*, 53, 454-470. doi:10.1016/j.trd.2017.04.032.
- Daily Post (2023). *Fuel subsidy: Health association makes eight demands from Tinubu govt*. <https://dailypost.ng/2023/06/06/fuel-subsidy-removal-health-association-makes-eight-demands-from-tinubu-govt/>
- Demartini, C. (2013). Performance management systems. A literature review. In C. Demartini (eds). *Performance Management Systems. Contributions to Management Science* (pp 55-88). Berlin, Heidelberg: Springer.
- Ezeani, E.O. (2015). *Fundamentals of public administration*. Enugu: Snaaps Press Ltd.
- Fink, A. (2005). *Conducting research literature reviews: From paper to the internet*. Thousand Oaks, CA: Sage Publications.
- Gareto, V. (1916). *The mind and society: A treatise on general sociology*. New York: Dover.
- Gidigbi, O. and Bello, K.M. (2020). Petroleum subsidy reduction and poverty in Nigeria: A choice between maintaining the subsidy or providing infrastructural services equivalent to the deadweight loss Matthew. *Asian Development Perspectives*, 11(1):70-81 <https://doi.org/10.22681/ADP.2020.11.1.70>
- GSI (2010a). *A how-to guide: Measuring subsidies to fossil fuel producers*. Geneva.
- GSI (2010b). *Defining fossil-fuel subsidies for the G-20: Which approach is best?* Geneva.
- Guyer, J.I. and Denzer, L. (2013). Prebendalism and the People: The price of petrol at the pump. In: W., Adebaniwi, and E., Obadare (eds.). *Democracy and prebendalism in Nigeria: Critical interpretations*. Basingstoke: Palgrave Macmillan, 53-78.
- Houeland, C. (2017). *Punching above their weight: Nigerian trade unions in the political economy of oil*. Univeristy of Life Sciences (NMBU).
- IMF (2013a). *Energy subsidy reform – Lessons and implications*. Washington, DC.
- IMF eLibrary (2022). *The impact of fuel subsidy reemergence in Nigeria*. Retrieved from: <https://www.elibrary.imf.org/view/journals/002/2022/034/article-A001-en.xml>

Inchauste, G. and Victor, D. (2017). *The political economy of energy subsidy reform*. Washington, D.C.: World Bank.

International Institute for Sustainable Development (2016). *Compensation mechanisms for fuel subsidy removal in Nigeria*. GSI (Global Subsidies Initiative) Report.

Indriyanto, Asclepias, Lontoh, Lucky, Pusakantara, Azis, Siahaan, Nataliawati and VisDunbar, Damon (2013). *Fossil-fuel subsidy reform in Indonesia: A review of government communications in 2012*. Research Report. Indonesian Institute for Energy Economics and the International Institute for Sustainable Development.

International Energy Agency (2014). *Global energy trends: Fossil-fuel Subsidies*. World Energy Outlook 2014. IEA Paris France.

Isiani, M.C., Obi-Ani, N.A., Obi-Ani, P., Chidume, C.G. and Okoye-Ugwu, S. 2021. Interrogating the International Monetary Fund (IMF) Policies in Nigeria, 1986-2018. *Cogent Arts & Humanities*, 8:1, DOI: [10.1080/23311983.2021.1932283](https://doi.org/10.1080/23311983.2021.1932283)

International Energy Agency (2013). *Energy indicators-Nigeria country*. Retrieved from: Pageat(<http://www.iea.org/statistics/statisticssearch/report/?country¼NIGERIA&product¼indicators&year¼2012>) (last visited 14.05.13).

Ismail, S. & Xiaoyi, M. (2015). Who benefit most from fuel subsidies? Evidence from Nigeria. *Energy Policy*, 87 314-324. <http://dx.doi.org/10.1016/j.enpol.2015.09.018> 0301-4215/

Kojima, M., & Koplrow, D. (2015). Fossil fuel subsidies: Approaches and valuation. *Policy Research Working*, 7220. Washington, DC: World Bank.

Mariotti, C. (2020). *Elite Theory*. Retrieved from: 1-6 file:///C:/Users/hp%20folio/Downloads/Mariotti2020_ReferenceWorkEntry_EliteTheory.pdf

McCulloch, N. & Okigbo-III, P. O. (2015). *Fuel subsidy reform: Pragmatic options for the incoming government*. Oxford: Nextier

McCulloch, N. (2017). Energy subsidies, international aid, and the politics of reform. *WIDER Working Paper*.

Moerenhout, T., Vezanis, N., and Westling, C. (2017). *Navigating political hurricanes in the mena region: Energy pricing reform in a context of changing social contracts*. New York: Columbia University.

McCulloch, Neil and Dom, Roel. (2019). Energy-related tax expenditures and other revenue leakages in Africa. *Working Paper*. Institute of Development Studies.

McCulloch, N., Moerenhout, T. and Yang, J. 2021. Fuel subsidy reform and the social contract in Nigeria: A micro-economic analysis. *Energy Policy*, 156.

Meagher, K. (2010). The politics of vulnerability: exit, voice and capture in three Nigerian informal manufacturing clusters. In: I., Lindell (eds). *Africa's informal workers: Collective agency, alliances and transnational organizing in urban Africa*. London: Zed Books, 46–64.

Mosca, G. (1923/1939). *The ruling class*. New York: McGraw-Hill.

National Bureau of Statistics (2023). *Federation Account Allocation Committee (FAAC) (June 2023 Disbursement)*. Retrieved from: <https://nigerianstat.gov.ng/elibrary/read/1241394>

Nigeria Labour Congress (2023). *Fuel subsidy removal: Do not dare the people*. Retrieved from: <https://www.nlcng.org/fuel-subsidy-removal-do-not-dare-the-people-nlc/>

Nigerian Tribune (2023). *Subsidy removal: FG enriching State Governors with palliatives, NLC alleges*. Retrieved from: <https://tribuneonlineng.com/subsidy-removal-fg-enriching-state-governors-with-palliatives-nlc-alleges/>

Nwachukwu, M.U., Mba, C., Jiburum, H., Uloma and Andrew, E.O. (2013). Empirical analysis of fuel price and subsidy reform in Nigeria. *OPEC Energy Review*, 37 (3), 314–326

OECD (2011). *Fossil fuel support: OECD secretariat background report for G20 meeting of finance ministers*. Paris.

Ofoma, C. V. 2023. "Essay on development administration". Higher Education of Social Science, 24(1), 29-41. DOI: <http://dx.doi.org/10.3968/12937>

Ogbu, O. (2012). *The removal of oil price subsidy in Nigeria: Lessons in leadership and policymaking in a trust-deficit environment*. Brookings Institution.

Ogubodede, E. F., Ilesanmi, A. O., and Olurankinse, F. (2010). Petroleum motor spirit (PMS) pricing crisis and the Nigerian public passenger transportation system. *The Social Sciences Medwell Journals*, 5(2),113-121. DOI:10.3923/sscience.2010.113.121.

Okonjo-Iweala, N. and Osafo-Kwaako, P. (2007). *Nigeria's economic reforms: Progress and challenges*. Technical report Brookings.

Ozili, P.K. and Obiora, K. (2023). *Implications of fuel subsidy removal on the Nigerian economy*. Central Bank of Nigeria. Retrieved from: <file:///C:/Users/hp%20folio/Downloads/SSRN-id4535876.pdf>

Pareto, V. (1901/1968). *The rise and fall of elites. An application of theoretical sociology*.

Pareto, V. 1921. *The transformation of democracy*. New Brunswick, NJ: Transaction Books.

Premium Times. (2022). *Fuel: Buhari's unkept. promises, failures and bungled subsidy policy*. <https://www.premiumtimesng.com/news/headlines/521188-fuel-buharis-unkept-promises-failures-and-bungled-subsidy-policy.html?tztc=1>

Premium Times (2023). *Subsidy removal: What Tinubu told Nigerians about palliatives*. Retrieved from: <https://www.premiumtimesng.com/news/top-news/613268-subsidy-removal-what-tinubu-told-nigerians-about-palliatives-full-text.html>

Punch Newspaper (2023). Fuel subsidy: We played politics with 2012 Occupy Nigeria – Fayemi. <https://punchng.com/breaking-fuel-subsidy-we-played-politics-with-2012-occupy-nigeria-fayemi/>

PWC (2023). *Fuel subsidy in Nigeria - issues, challenges and the way forward*. Retrieved from: <file:///C:/Users/hp%20folio/Downloads/fuel-subsidy-in-nigeria-issues-challenges-and-the-way-forward.pdf>

Scobie, M. (2018). Actors, Frames and Contexts in Fossil Fuel Subsidy Reform: the Case of Trinidad and Tobago. In: J., Skovgaard & H., van Asselt (eds.). *The politics of fossil fuel subsidies and their reform*. Cambridge: University Press.

Skovgaard, J. and van Asselt, H. (2018). *The politics of fossil fuel subsidies and their reform*. Cambridge: Cambridge University Press.

Soile, I. and Mu, X. (2015). Who benefit most from fuel subsidies? Evidence from Nigeria. *Energy Policy*, 87, 314–324.

Tranfield, D., Denyer, D. and Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. *British Journal of Management* 14 (3), 207–222. doi:10.1111/1467-8551.00375

United Nation (2015a). *Transforming our world: The 2030 agenda for sustainable development*. New York, NY.

UNEP (2003). *Energy subsidies: Lessons learnt in assessing their impact and designing policy reforms*. Geneva: UN.

Viinikka, J. (2009). There shall be no property: trade unions, class and politics in Nigeria. In: L., Zeilig (eds). *Class struggle and resistance in Africa*. Haymarket Books, Chicago, 122–149.

Weber, M. (1978). *Economy and society*. Berkeley: University of California Press.

Whitley, S. (2013). *Time to change the game: Fossil fuel subsidies and climate*. London: Overseas Development Institute.

World Bank (2020). GDP Per Capita (Current US\$) – Nigeria. *World Development Indicators*. Retrieved from: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=>