



Fuel Subsidy Policing: Evaluation, Challenges and Prospects in Nigeria

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ABSTRACT

Nigeria is blessed with vast mineral resources, notable amongst them being the oil and gas reserves. The country has the largest reserve in Africa and ranks as one of the top oil-producing countries in the world. However, there is little or no positive impact on the lives of the citizens due to corruption, mismanagement, smuggling, monopolies, inefficiency, administrative bottlenecks, and unfaithful fuel subsidies. Subsidy has far and away become the most socio-economic policy issue in Nigeria. Subsidy varies, with the most alarming and germane being fossil fuel subsidies due to their overwhelming importance as the major source of economic activity in Nigeria. Like other developed countries, while we have practiced the use of fuel subsidies for some decades, the promise of their removal by the previous government has failed due to some uncertain and prohibitive factors. A larger amount of government revenue has always been used to finance fuel subsidy removal, leaving other sectors to suffer from low allocation financing. This vista discourses the concept of fuel subsidy, its history, the line of policing, the arguments for and against its removal, the Nigerian journey so far, a brief comparative analysis, and concludes by proffering recommendations for the vexed economic issue.

Keywords: morality; moral values; norms; tradition; culture; moral relativism; absolutism.

1. INTRODUCTION

Subsidy has been a frequent factor in the Nigerian economy, ranging from fuel, education, electricity, and forex, amongst others (Onyekwena, et al., 2017). Fuel subsidies were intended as a temporary fiscal response to an oil price spike instigated by the actions of the Organisation of the Petroleum Exporting Countries (OPEC); however, they were retained by successive governments to act as a stabiliser of domestic prices for the overall economic benefit of the people.

Fuel subsidies began in the 1970s and were first institutionalised in 1977 with the promulgation of the Price Control Act, which made illegal the sale of some products above the regulated price (Schuettinger & Butler, 1979). The subsidy continued to increase due to the increment in fuel prices, inflation, and devaluation of the naira. This has strained the budget of the country as international market prices keep increasing and subsidies never reduce; therefore, the yearly budget for subsidies keeps skyrocketing. Fuel

subsidies are the greatest challenge facing the Nigerian economy.

Fuel subsidy operationally began in 1978 by the Gen. Olusegun Obasanjo-led military government as a short-term solution to the hike in international oil prices, only to remain to date like an unwanted 'life visitor' (Egobueze & Ojirika, 2018).

The emergence of democracy since 1999 has seen a persistent increment in domestic prices of fuel, which carries civil unrest and mass protest as its products. It was like being in the deep blue sea as the government risked the peace of the nation in an attempt to remove subsidies or increase domestic prices.

2. UNDERSTANDING FUEL SUBSIDY

The definition of what constitutes a subsidy is critical to any analysis of the implications of energy subsidies for sustainable development. No consensus definition exists, making individual studies of specific countries or regions difficult and complicating objective discussion of issues relating to subsidies. The

International Energy Agency defines energy subsidy as any government action that concerns primarily the oil sector and lowers the cost of energy production, raises the amount received by producers, or lowers the cost of energy paid by energy consumers (Heubaum & Biermann, 2015). A subsidy is any grant of financial aid from the government used to maintain the price of a particular item at a certain level. Subsidy implies selling a product below the cost of production; a fuel subsidy, therefore, means selling gasoline below the cost of importation. It can also be defined as the government's effort to pay for the difference between the pump price of fuel at a petrol station and the actual cost of importing the product. It is a programme in which a government or other organisation pays for a portion of gasoline, heating oil, or some other fuel (Komives, 2005). Fuel subsidies tend to be politically popular, especially when the market price of fuel climbs. However, it has caused unsustainable financial problems in some countries in which it has been implemented.

A fuel subsidy is simply the government's payment to a producer or consumer. It may be direct or indirect (Coady, et al., 2019). Direct subsidies are targeted at a particular group, individual, or sector. whereas indirect subsidies included activities such as price reductions for required goods or services that could be government-supported. Indirect subsidies lead to subsidised products being bought below market rates. The government fixes the price of gasoline below the 'international' rate and pays the difference. Subsidy is that fraction of an amount meant to be paid by consumers but paid by the government to take the burden off consumers. The subsidy on gasoline represents the difference between the market price (called the expected open market price [EOMP]) and the government-approved retail price for PMS, which is paid to marketers (Komives, 2005).

There are subsidies that are aimed at subsidising the cost of production. Here, the subsidies are enforced to keep the cost of production low or increase revenue in order to keep marginal producers in business. (Saunders and Schneider, 2000). This kind of subsidy is more common in developed countries than in developing countries, and it tends to reduce external imports.

3. FUEL SUBSIDY 3IN NIGERIA THROUGH THE LINE OF HISTORICAL POLICY

The history of the removal of fuel subsidies is chequered, considering the ups and downs. The story

dates back to 1978, when the military government of Gen. Olusegun Obasanjo raised the price of fuel to 15.37 Kobo from 8.4 Kobo, an 83% increase. In 1982, the civilian government of Alhaji Shehu raised the pump price to 20 Kobo from 15.37 Kobo, a 30% increase (Akinrele, 2006).

On **March 31st, 1986**, Gen. Babangida increased the pump price of fuel to 39.50 Kobo. On **April 10, 1988**, another increment from 39.50 Kobo to 42 Kobo was made—a 6% increase. The increase was even made peculiar to private cars by 60% on **January 1st 1989** (Sheyin, 2018). Nigerians responded to this increment with massive protests due to the economic turndown, which made life really unbearable and difficult.

On November 8, 1993, there were demonstrations due to a significant increase in the pump price to N5.00, representing a 614% increment (Akinola, 2018). However, on the 22nd day of the second year, there was a fall of 35%, bringing the price down from N3.25 to N3.25. The price was then increased to N15.00, representing a 362% escalation, but was subsequently cut to N11.00 during the administration of General Abacha in response to widespread demonstrations around the country. In the last month of 1998, there was an observed rise in the pump price to N25, followed by a subsequent fall to N20 on January 6, 1999 (Akinola, 2018).

It was only Buhari's military regime that did not increase fuel. During the second reign of Gen. Olusegun Obasanjo as civilian president, Nigeria suffered numerous pump price increases. On **June 1st 2000**, petrol was raised to N30.00 but reduced sharply to N25—a 17% decrease due to massive protests. The pump price was readjusted to N22.00, a 12% decrease per litre. In 2002, the pump price was again increased to N26.00, and then to N40.00 by **June 23, 2003**. Obasanjo again increased the price per litre to N70.00 in June 2007. It was Yaradua's administration, on assumption, that later reviewed the same downward to N65 (Ering & Akpan, 2012).

The Goodluck Jonathan administration proposed an outright removal of fuel subsidies, which was supposed to see an increment in price from N65.00 to between N138 and N250 naira at least. In the course of this radical economic shift, the Petroleum Product Pricing Regulatory Agency (PPPRA) announced the removal of fuel subsidies on **January 1st, 2012**. This decision was greeted with massive protests and strike actions by the Nigeria Labour Congress (NLC), Trade Union Congress of Nigeria, PENGASAN, Civil Society Organisation, and Academic Staff Union of

Universities (ASUU), amongst others. This forced the government into negotiations to settle for partial removal and a reduction of the pump price to N97. The price was again reduced to N87 in the wake of the 2015 elections by Goodluck Jonathan's administration.

The Federal Government announced the removal of the petrol subsidy on Thursday, May 12, 2016, and increased the pump price from N86 to N145 per litre. Since then, the issue of removal has remained unstable until the end of the Buhari administration.

4. REASONS FOR SUBSIDY RETENTION

Generally, subsidies are believed to be inimical to the economic system of a nation, largely due to cost expenditures, but other views exist.

Oghojafor et al., (2014) discourse possible rationales for subsidy:

1. Supporting the poor and improving equity
2. Achieving energy security: the provision of a subsidy to a particular source of supply may improve its competitiveness and hence reduce dependence on other sources of energy, notably imported fuels.
3. Correcting local externalities: Fossil fuel use primarily in the power, industrial, and transport sectors is associated with negative local externalities, largely associated with indoor and outdoor air pollution.
4. Reducing emissions of greenhouse gases.
5. Supporting domestic production and associated employment. Where a domestic energy industry is no longer competitive with the world market and foreign energy can be imported more cheaply or former export markets have disappeared, governments have resorted to production subsidies.

Nwankwo (2021) presents the following as some of the economic, social, and political reasons the government provides subsidies or subventions to producers, suppliers, or providers of certain products or services:

1. a) To control price inflation and thereby prevent a decline in the real income and living standards of consumers, especially lower-income households.
2. b) To smooth the process of long-term structural change or transformation in certain industries and prevent a decline in the production of some agricultural crops, such as cotton.
3. c) To encourage the provision and consumption of "merit" goods and services

that generate positive externalities (increased social benefits).

4. d) To prevent industrial action, protests, and riots that can lead to political instability. Labour unions, non-governmental organisations, and the poor generally try to resist any attempt to reduce or eliminate subsidies.

5. CHALLENGES ASSOCIATED WITH FUNDING FUEL POLICY

5.1 The High Cost of Sustaining the Policy

The high cost of funding fuel subsidies has dealt a negative blow to the entire economy over the decades. The World Bank estimated that the total amount was USD 10.8 million in 2000. In 2010, the total revenue was estimated at 67.9 USD million (Ivanic, et al., 2012). Nigeria has spent over 30 billion naira in fuel subsidies during the past two decades. The expenses have been a bane on the Nigerian economy, as other sectors have been neglected and left to wallow in want.

According to the Debt Management Office, the country's public debt stock is increasing as the government has to borrow N1 trillion to finance fuel subsidies in 2022 (Omisakin et al., 2022). The allocation of the Federal Government on the fuel subsidy for the past nine years equals 11.5%; defence is 7.0%; education is 6.2%; and health is 4.2%. In 2022, 3,530 trillion was spent on infrastructural developments, education, and the health sector, while 4,390 trillion was spent on fuel subsidies alone.

5.2 Corruption Galore

The main essence of the fuel subsidy programme is almost defeated because of the epidemic of corruption perpetrated at the administrative level by officials. Subsidy practically takes place at the supply level and not at the sale level enjoyed by the customers. According to Mr. Isa Yuguda, ex-governor of Bauchi State and Minister of Aviation, during an interview, I remember a friend of mine in the oil industry who, during a meeting of an economic think tank, called the then president aside and said, Mr. President, please stop this subsidy; we are tired of making money.

4.3 Seasoned Smuggling

Due to the subsidised rate of fuel in Nigeria, smugglers make a huge sum of money by selling at higher prices in neighbouring countries. Therefore, Nigeria has not only been subsidising fuel for Nigerians but also for other countries; it is like robbing

Peter to pay Paul. In **June 2022**, the Managing Director of NNPC Limited indicated that daily consumption of PMS had increased to over 103 million litres per day and that at least 58 million litres were being smuggled. This means that smugglers and other West African countries benefit more from fuel subsidies than Nigerians.

4.4 Economic Inequality

To an agreeable extent, the major users of petrol in Nigeria are households, private firms, government agencies, businesses, etc. Kerosene and diesel have since been deregulated, and no subsidy is paid on them. If it can be remembered that both products are also by-products of crude, then it should be appreciated that Nigerians, after being cheated by neighbouring countries, have also subsidised a reasonable percent of energy usage generally.

Subsidies are only paid for fuel, which is used by average and elite households, while the poor remain out of the loop. True subsidy policy should be structured in a way to accommodate the poor too.

4.5 Zero Downstream Investment

The legal framework and subsidy regime of the downstream sector discourage investment due to the subsidy regime and legal framework. There is a need for the deregulation of the downstream sector so as to enable it to compete in investment with the upstream and midstream sectors. Therefore, it behoves key actors and stakeholders in the industry to be the driving force behind eliminating fuel subsidies as one of the major objectives of the Petroleum Industry Bill (PIB).

5.6 Renewable Energy Crusade

The need for renewable energy is incompatible with the fuel subsidy policy. At the COP26, which was held in Glasgow, Scotland, in 2021, the President of Nigeria, Muhammadu Buhari, signed the Climate Pact, thus committing Nigeria to achieving net zero emissions by 2060 (Kohnert, 2023). Barely a week after the conference, President Buhari signed the Climate Change Bill into law as a commitment to truly achieve net zero carbon emissions. Therefore, funding fuel subsidies is the direct antithesis of reducing carbon emissions.

6. REMOVAL OF FUEL SUBSIDY

Due to the controversies surrounding the fuel subsidy policy, the popular opinion was to remove the

subsidy. The Nigerian governments have made a plethora of attempts to remove or reduce subsidies in the past, but these have been met with massive protests and public rebukes. Fuel subsidy payments have been implemented and reversed many times in Nigeria. Therefore, it is important we avert our minds to the fact that, until arguments for and against the removal of subsidies are addressed, it may continue to be a voyage with no destination. The government of the day must also be decisive and tolerable by implementing strategic programmes and avenues to address the effects on the vulnerable populace.

The civilian government of Gen. Olusegun Obasanjo in 1999 was the first to attempt a deregulation of the downstream sector of the oil industry, which also included the removal of fuel subsidies. The public resisted the same with loud protests, and the attempt was unsuccessful.

In January 2012, former President Goodluck Jonathan [27] announced the partial removal of fuel subsidies, leading to a rapid increment in pump prices. The same was resisted by massive protest, presumably one of the most notable in the Nigerian history of protest: "The Occupy Nigeria" protest. The government had no option but to rescind its decision and plans.

Just recently, former President Muhammadu Buhari, in May 2016, announced the total removal of subsidies, leading to a sharp increase in pump prices. The same was resisted with nationwide protests. The government argued strongly that, in line with its core vision to eradicate corruption and inefficiency and seal the lacunae in public finances, the decision was necessary. Again, the decision was reversed and the subsidy partially reinstated due to public resistance and backlash.

Interestingly, the incumbent President, His Excellency, Bola Ahmed Tinubu, GCFR, made a statement during his inaugural speech that effected a radical and rapid change in the oil industry within 48 hours. He said, "Subsidy is gone. Subsidy can no longer justify its ever-increasing cost in the wake of dying resources."

This statement by the *numero uno* citizen of the nation was greeted with several interpretations, many welcoming the same, while others backlashing the government for failing to implore strategic or remedial programmes before the statement. As cultural observers, we were expecting the Nigerian Labour Congress (NLC) to embark on a nationwide strike, but the general public was bemused by the announcement

of the suspension of the plan for a nationwide protest and strike before the scheduled date.

The issue of subsidy removal is multifaceted and intertwined with such factors as public sentiment, international oil prices, government finances, political influence, socio-cultural considerations, and stability considerations.

7. RATIONALE AGAINST SUBSIDY REMOVAL

The reasons proffered against the removal of fuel subsidies include:

1. Nigeria's present state as a net importer of petroleum products is anomalous. With increases in refining capacity, Nigeria could, for a time, meet its domestic fuel demand with domestic resources obtained at the cost of production. Greater discipline is required, therefore, and not the removal or redesign of subsidies.
2. Massive corruption in the petroleum sector is responsible for astronomical subsidy payments. It is possible to address the corruption but leave the subsidy itself in place. Without the corruption, the subsidy would be a good policy.
3. Removal of subsidies will escalate transportation costs and the prices of food items and other essential commodities, thereby triggering inflation and deepening poverty.
4. There is a history of governments renegeing on earlier promises regarding compensation for subsidy cutbacks, which has led to a trust deficit. Citizens are not convinced that resources will be better allocated in their interests.

8. RATIONALE FOR SUBSIDY REMOVAL

1. Reduction Of Borrowing and the Country's Deficit

The government spends a huge amount of money on subsidising fuel to keep the price economically low. In other words, the expenses the government puts into the oil industry are alarming due to the maintenance of the domestic market price. This makes every successive government rely on loans to subsidise fuel prices. Is it not ironical that the mainstay of the nation's wealth is, in turn, the economic albatross of the nation? The removal of subsidies would cushion the loans

being taken by the government and create avenues and models for debt reduction.

2. Funding of other sectors

The removal of fuel subsidies would help free up funds for investment in other sectors. It would awaken their importance and strike a wave of competition amongst the sectors. Throughout successive governments, the budget system reveals low funding and investments in other critical sectors, with rapt attention on the oil sector due to the huge amount that is allocated for subsidy payments.

3. Reduction On Security Risk

Realistically, the era of subsidies has birthed so many security risks in the oil sector. The chief being oil smuggling and bunkering—oil is being smuggled and sold to other parts of the world for double or higher prices. This is a risky business as it involves so many factors: oil pipeline vandalism, mass destruction due to illegal operations, human clashes leading to death, amongst other criminal activities. The removal of subsidies would disrupt the smuggling and success of sales in other countries, as the price would no longer be juicy and extremely profitable to the buyer and seller.

4. Naira Strength and Imported Inflation Decline

The major factor affecting the strength of Naira is the high rate of foreign importation. The subsidy of fuel in Nigeria makes smuggling of the same substance persistent and successful. This has increased the demand for foreign exchange, with the attendant decline in the naira's strength.

The cost of importing fuel will no longer be high, and this will reduce imported inflation and its pass-through effects. Importation of fuel is the major reason for inflation in Nigeria.

5. Downstream Investment/Actors Boost

The maintenance of subsidies has caused redundant growth in the downstream sector as investors avoid investing there. The removal of subsidies would cause rapid private investment in the downstream sector. Investment in the downstream sector would stop total dependence on foreign importation and security management. If the downstream is deregulated, it would lead to an increase in actors like companies, NGO's, private investors, etc. The attendant result of this would be an

increase in tax on companies, employers, and workers, as jobs would also be created.

6. **Workable Refineries and Capacity**

Once the downstream is deregulated and actors flood the arena, the local refineries will be activated with better capacity for mass production. This would be a new narrative altogether.

9. **COMPARATIVE ANALYSIS**

1. **INDONESIA**

Indonesia is one of the countries that has embarked on a comprehensive fuel subsidy reform programme since 2014, aiming to end all subsidies by 2022. On September 3, 2022, Indonesian President Joko 'Jokowi' Widodo announced a cut to the government's fuel subsidy, prompting a 30% increase in fuel prices within an hour of the announcement. The Indonesian government has long kept fuel prices artificially low through large and expensive subsidies, but rising international oil prices and depleting fuel stocks have squeezed the national budget.

Without reform, the cost of the subsidy was expected to reach nearly Rp 700 trillion (US\$46 billion). This is not the first time Jokowi has reduced subsidies and increased prices; he did so a few months after his assumption of office in 2014. Although protests ensued in Jakarta after the announcement, Jokowi still enjoyed the majority of support from the legislature and the people at large. Jokowi hopes that his social assistance programme will provide some economic cushioning for Indonesians and political cushioning for his grand coalition. Government social security, especially cash transfers, has become the major driver of Jokowi's popularity throughout his presidency.

2. **INDIA**

The Indian government's declaration of a formal end to diesel price regulation in October 2014 marked the culmination of a two-year process of price reform. For the record, gasoline was subsidised in 2010, while diesel was in 2014. The government held the conviction that subsidies are anti-poor. Subsidies should be provided to people who can afford them, not to those who cannot. To succeed, India embarked on an excise tax increment to cushion the effects of the removal of subsidies.

3. **EGYPT**

Egypt has gradually ended fuel subsidies in the country by up to 16% and 30% increments in prices as it comes to the end of an IMF-backed economic

programme. This has led to rapid foreign direct investment (FDI) in the oil and gas industry. The price of gasoline rose by 18.5 percent to \$0.48 a litre, and diesel rose by 22.7 percent to \$0.41 a litre (Akrofi & Antwi, 2020). The price of cooking gas cylinders rose by 30 percent to \$3.90 for domestic use and \$7.80 for commercial use.

It should, however, be noted that the government still subsidises fuel for bakeries and power generation. The government has used the savings from the subsidy removal to expand social safety nets, health insurance, and public services.

4. **GHANA**

Ghana has struggled with a tight budget deficit and consistently mounting debt. The move to remove subsidies was encouraged by the International Monetary Fund and other agencies, as it is designed to slash spending and encourage financial stability. Officials say removing the subsidy, which was just reinstated in April of 2014, will have a significant positive influence on the health of the economy. Reports claim that the head of the Chamber of Bulk Oil Distributors stated in June that fuel subsidies had fled the country for \$85 million in additional payments. Minister of Energy Emmanuel Kofi Buah also stated that the subsidies cost Ghana \$85 million cedis (\$25.6 million) biweekly. Therefore, the move was expedient, and modalities were put in place to cushion the effects.

5. **MOROCCO**

Morocco is a global climate leader. It has also pledged to reach 52% renewable capacity by 2030. Since 2010, renewable energy has been seen by Moroccan decision-makers and investors as a way to meet growing energy demand and build energy independence, especially given the country's high solar energy potential. In January 2014, the government of Morocco ended gasoline and fuel oil subsidies and began to cut subsidies on diesel. Meanwhile, in the electricity sector, which relies mostly on coal-fired power, direct transfers to the national electric utility continued, but electricity prices for consumers were raised in 2015 for the first time since 2009, which ignited protests across the country. As a result of the reforms, the Government of Morocco reduced fossil fuel subsidy spending from about 42 billion dirhams (\$5.2 billion) in 2011, to 56.6 billion dirhams (\$6.5 billion) in 2012, to 32.7 billion dirhams (\$3.68 billion) in 2014, to 12.25 billion dirhams (\$1.26 billion) in 2015, and to 10.7 billion dirhams (\$1.1

billion) in 2016 (Auktor & Loewe, 2021). Not only did this free up fiscal space for investments in renewable energy, but it was expected to significantly contribute to achieving Morocco's GHG emissions reduction goal.

The fuel subsidy reform was implemented with coordination among relevant ministries, including the Ministry of Economy and Finance and the Ministry of Energy, Mines, Water, and the Environment. In addition, new institutions were established to promote investments in renewable energy, such as the Moroccan Agency for Energy Efficiency, the Moroccan Agency for Solar Energy, and the public energy service corporation Société d'Investissements Energétiques (SIE).

10. RECOMMENDATIONS

1. PROVISION OF PALLIATIVES

The effects of the removal of subsidies are felt mostly by the not-too-rich in society. The effects might be direct, as in the case of the transportation fare surge, or indirect, by way of an increment in the prices of goods and services. It has been discovered that the negative effect would be felt mostly by the poor living and working in urban areas, not the poor living and working in rural areas. This is because only a few poor people own cars, vehicles, or machines that demand petrol usage. According to the recently released poverty report of the National Bureau of Statistics (NBS), Nigeria's poverty index was estimated to be at 0.257, with about 133 million people being multi-dimensionally poor (Onwugbufo, 2023). This category of individuals is not in a position to purchase vehicles or own generators that will run for several hours in the absence of a power supply from the grid. Moreso, many vehicles consume diesel; therefore, why subsidy only PMS?

Statistical identification and scheming of owners of vehicles that use petrol through the National Identification Number (NIN) or through phone or SIM registration; since the highest fuel subsidy is spent in capital cities, a general survey should be conducted to ascertain the quantum of fuel consumption by identified transporters; establishment of a subsidy database for eligible individuals and transporters; there should also be some digitalized modus operandi through which eligible individuals and transporters would be accessed; and there should also be a cogent accounting formula for purposes of accountability. Therefore, the following palliatives are highly recommended to cushion the effects of removal:

1. Increase in minimum wage: there is a grave need for an increase in minimum wage. This would enable low-income earners to live a manageable life without having to suffer the negative effects of subsidy removal.
2. Paye Tax Exemption for Low-Income Earners: After the increase in the minimum wage to at least N50,000, Paye Tax should be exempted in order to free the funds of these earners. This would cushion the effects of subsidy removal on them.

2. COMPLETE DEREGULATION OF THE DOWNSTREAM SECTOR

As noted above, the downstream sector is nothing to compare to the midstream or upstream sectors. This is because the sector has not been deregulated and the regime of subsidies still exists. The deregulation of the downstream sector will result in high competition for productivity. It would make the availability of the product stable and strengthen the oil industry. The arguments against deregulation and the attendant removal of subsidies are outweighed by the benefits of the same.

3. REFORM THE SUBSIDY REGIME

It is high time Nigeria redirects its subsidy policy to crude products that are mostly consumed by the poor. The current subsidy regime is typically misdirected towards upper- and middle-class citizens. Subsidies should not only be on premium motor spirit (PMS), but also on other crude products being used by the poor. According to the World Bank report, "Nigeria is the only country in the world with a universal price subsidy that applies exclusively to PMS. In other climes, subsidies apply to other crude products that are mostly used by the rich, but in Nigeria, the reverse is the case: subsidies are paid on PMS, which is mostly consumed by the rich. It is better for Nigeria to subsidise other crude products other than PMS.

CONCLUSION

Fuel subsidies are meant to ameliorate and cushion the negative economic effects of international oil prices. The government subsidises the prices and pays the difference at the supply stage. However, the practice is unsustainable and has skyrocketed the nation's debt level. It has also bedevilled development in other vital sectors while making the economy stagnant. Therefore, there is a need for subsidy reform and removal. The clamour for removal, albeit scary, is

the best, subject to the remedial programmes highlighted above. Note: However, not only do fossil fuel subsidies persist, they have reached new heights, particularly in the wake of the COVID-19 pandemic. The latest estimate by the International Energy Agency (IEA) of subsidies for the consumption of fossil fuels topped US\$1 trillion, not even counting subsidies for fossil fuel production.

The programmes should be targeted at the deserving poor, and the entire economy should be x-rayed for a viable balance.

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