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IMPACT OF FUEL SUBSIDY REMOVAL ON LOCAL INVESTORS AND NATIONAL DEVELOPMENT STRATEGIES IN NIGERIA

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ABSTRACT

The lull that trails economic activities during economic recession usually have negative impact on business activities and fuel subsidy removal is not an exception. Various operational indicators pinpoint fuel subsidy as a major instrument in poverty reduction in Nigeria. Given this understanding, fuel subsidy has been a leverage that has aided local investors' operations inspired this study. The operational theory for this study involved Progressive Social Theory. The intent of this study is to offer some insights on the impact of fuel subsidy removal on local investors and national development strategies in Nigeria. While adopting a qualitative approach, in-depth interview (IDI) was used in collection of data from business owners. Judgmental and convenience sampling methods was used in selecting 206 local investors from 3 States (Akwa Ibom State, Cross River State and Edo State) in Nigeria. The use of content analysis method was used to analyze secondary data. The result of the qualitative data was analyzed using descriptive statistics. And the study found that the removal of fuel subsidy in Nigeria has triggered a thoughtful shift with far-reaching effects across business, social and economic sphere. The study therefore recommend the significance of informed decision-making to mitigate the negative impact of fuel subsidy removal on the individuals and provide economic relief programs that would foster a more resilient economy and safeguard the populace.

Keywords: **Fuel Subsidy Removal, Local Investors, National Development, Strategies, Nigeria.**

INTRODUCTION

Concept of Fuel Subsidy and Fuel Subsidy Removal

Fuel subsidy refers to a government strategy in which the government provides financial assistance to reduce the cost of fuel for consumers. This is consistently done by selling fuel lower than the market rate, with government covering the price difference through subsidy. The primary aim of subsidy is to make fuel cheaper for the citizens and to stabilize domestic prices. Fuel subsidy removal refers to government putting an end to providing financial support to reduce the cost of fuel. It therefore signifies that the pump price would be determined exclusively by global market trends of demand and supply. It can positively reduce the burden on the government's budget and promote more efficient resource allocation and adversely leads to higher fuel prices, which has resulted in increased cost for businesses and consumers. Oil was first discovered in Oloibiri, Ogbia LGA located in Bayelsa State in the eastern Niger Delta region of Nigeria in 1956. Nigeria has been ranked sixth within the Organization of the Petroleum Export Countries (OPEC). Nonetheless, Nigeria is among the

frontmost oil-robust country with a crude oil reserve of about 37.1 billion barrels and a daily crude oil production of about 1.5 to 2million barrels (Raifu & Oshota, 2023). Despite Nigeria being among the world's top producers of crude oil, the country has been facing daring situation in refining crude oil internally in recent times and factors such as poor maintenance of infrastructure and corruption are the issues of the Nigerian government. Moreover, other circumstances that continuously plague the Nigerian oil sector are environmental collocations or ecological damage, poor corporate relations with indigenous communities, sabotage of oil infrastructure and personal security problems throughout the Niger Delta oil-producing region.

Fuel subsidies have been a substantial and worrisome issue in the country for many years. Subsidy were initially implemented in Nigeria in reaction to the 1973 oil price blow and were established through a directive that was later approved in 1977. Specifically, the elimination of fuel subsidy in Nigeria represents a substantial transmutation in the Nigerian economic policy. It's original intention may be to address fiscal challenges and encourage market-driven pricing, the impact on subsidy removal influencing individuals businesses and the entire public cannot be overlooked. Fuel subsidy removal has been a subject of debate and controversy in Nigeria for many years. Notwithstanding, irrespective of Nigeria being a rich country, despite its rich endowment of resources, including oil and minerals, majority of people are struggling with stupefying tied of poverty. Historically, in 2011, as recorded, Nigeria spent over 10 Trillion Naira on fuel subsidy in 14 Years. Nigeria spent highest on subsidy with a total of 2.105 trillion naira. The year 2020, was the only period Nigeria spent the lowest amount of 102 billion naira on subsidy, followed by 2017 with N144.5 billion. Since then, fuel subsidy became a convoluted scene that has affected the entire Nigerians till date.

The National Bureau of Statistics (2022) indicates that the country's inflation rate has continued to rise from 28.92% in November 2023, the consumer price index rose to 28.93% in December 2023 and to 29.90% in January 2024. As such, the removal of fuel subsidy and high volatility of foreign exchange have led to rapid increases in the cost of goods and services. In the 1970s the military government in Nigeria introduced Price Control, with the liberalisation of the economy over the subsequent decades, but it became futile, the Price Control Act, however, has not been abrogated. Notably, the decision of government on the removal of fuel subsidy sparked mass protests across populated cities in Nigeria, like Lagos, Abuja, Edo State and many Northern State including Kano, Zamfara, Kaduna and Bauchi. The protesters brandished placards with inscriptions such as ***"In less than two months, Tinubu Government is choking Nigerians to death, "Tinubu let us breath", "Kill corruption, not Nigerians", "Cost of living in Nigeria is choking us", "FG allow the poor to breath", and "Keep your palliatives, fix our refineries".*** It's sad to say that Nigeria's protest always turned ugly as hoodlums hijacked the process and embarked on massive looting, destruction of critical infrastructure and attacking of motorists among others without achieving the aim meant for. President Bola Tinubu on the 29th May, 2023, announced through his inaugural speech as the new President of Nigeria that "fuel subsidy is gone" which means the government is no longer subsiding fuel again.

His announcement prompted owners of filling stations in Nigeria to increase the fuel pump price from N600 to N897 and currently, from 16th September 2024, petrol is sold at N1,300 per liter depending on the region (Central Bank of Nigeria, 2023). Businesses in Nigeria are at risk of survival, stability and growth due to the prevailing economic challenges in the country. This price hike has led to surge in transport fares across the country, with commuters expressing frustration at the elevated cost of which its impact on businesses enhances untold frustrations. The local investors in Nigeria are operating across diverse sectors, including manufacturing, agriculture, retail and services, providing essential services for urban and rural communities and the price hike of petrol diminishes smooth functioning of businesses for many Nigerian investors that were supported by fuel subsidy policy because it helped in reducing the cost of the operations. Against this backdrop, the local investors are affected as fuel is most widely-used sources of energy for almost all businesses in the country, for example, nylon producers uses fuel in running their business, pure water companies cannot succeed without the usage of fuel in a country were unstable power supply (NEPA) permanently become a culture, not to mention the business retailers. Understandingly, fuel provides electric power for many firms, running of businesses and also makes modern transportation possible, without fuel there will be no industrialized world today. The local investors are facing series of challenges in Nigeria, the latest of it being the removal of fuel subsidy.

The Nigerian government is criticized as in doing a poor job for inappropriate execution of subsidy removal without implementing positive strategies that is beneficial to the entire populace. In a country where there is already a lack of trust between the people and government, communications is critical. Otherwise the Nigerians will continue to believe that this is another ploy by Nigeria's elite to further capture the country's resources, the few Nigeria's elite apprehending the fuel subsidy removal palliatives through nepotism, the real challenge government faces presently is winning the trust of the people due to policy inconsistency, strategies implementation and discontinuity. it will be difficult for individuals to understand with the government on this matter, because businesses are crumbling on daily basis and individual's sources of livelihoods are in peril. The occurring situation made this study to investigate the impact of fuel subsidy removal on local investors and national development strategies in Nigeria.

FUEL SUBSIDY REMOVAL IN NIGERIA

Subsidy removal in Nigeria was first introduction in the year 1988, the government introduced a subsidy on petroleum products to stabilise fuel prices and make them affordable for the general population. This was in response to protests against price increases. In 1999 the then President Olusegun Obasanjo attempted to deregulate the downstream sector of the oil industry, which included removing fuel subsidies. However, due to public resistance and protests, the plan was abandoned. The story was not different as the President Goodluck Jonathan administration in January 2012, announced a partial removal of fuel subsidies, leading to a sharp increase in fuel prices. This move sparked widespread protests across the country, known as the "Occupy Nigeria" protests. Eventually, the government bowed to pressure and rescinded its decision. In May 2016, the President Muhammadu Buhari administration announced the complete removal of fuel subsidy. This led to a significant

increase in fuel prices, which resulted in nationwide protests. The government argued that removing the subsidy was necessary to address corruption, inefficiency and the drain on public finances. However, due to the public backlash, the decision was reversed and subsidies were partially reinstated. The issue of subsidy removal has remained a topic of debate and discussion in Nigeria. While no full removal has taken place since 2016, there have been discussions and considerations by successive governments regarding subsidy reforms and finding alternatives to address the fiscal challenges associated with the subsidy regime.

Consequently, the newly sworn in administration in Nigeria under the leadership of President Bola Ahmad Tinubu without time wasted addressed the issue as he rightly said at Eagle Square while delivering his inaugural speech that said, ***"subsidy is gone"***. Immediately president Tinubu announced the fuel subsidy removal, majority of fuel stations closed their outlets and some started selling at high prices. The likes of Mobil, Rainoil and NNPC sold fuel at reasonable prices. The prices of petrol became competitive between Major Marketers and Independent Marketers. This particular announcement skyrocketed price hiking in all aspects and currently, the cost of establishing and maintaining business has catapult, prices of goods hiked and several businesses or firms shut down due to low demand in the face of weakening consumer purchasing power. Potentially causing inflation and impacting lower-income investors disproportionately. The period of this fuel price increment is particularly worrisome because it has the potential to further exacerbate the impact on businesses and consumers, especially the local investors and the vulnerable segments of the population. Modest businesses, particularly those heavily dependents on high fuel consumption and transportation are faced with increased operational costs. With higher fuel prices, cost of production and processing, transportation or logistics expenses have risen, potentially reducing the investor's benefits. These have had declining consequences on the general financial well-being of businesses. The essence while government was providing subsidies to individuals were to help meet everyone needs. In this way, investors economic conditions seems to have improve gradually because eventually almost all businesses, firms, companies and organizations uses modern electric devices and power supplies being the heart of all industrial machines, this is possible with the usage of fuel consumption in a country like Nigeria were there's unstable nature of power supply.

NEGATIVE IMPACTS AND IMPLICATIONS OF FUEL SUBSIDY REMOVAL

Removal of fuel subsidy without foremost making provisions of some palliatives, led to contestation about how the fuel subsidy removal would affect Nigerians. The negative impact of fuel subsidy removal may increase fuel smuggling, increase poverty, increase crime, increase the prices of petroleum products and loss of jobs and above all increased inflation and many others as stated below:

Increased Operating Cost: The cost of fuel is a crucial variable cost for any business investors. In order to safeguard operational looses caused by fuel hiking, the premise is to pass along increase fuel cost to the consumers. The removal of fuel subsidy has directly increase operating cost for the local investors, delivery and manufacturing companies that rely on transportation, such as logistics, has increased the cost of utilities and other operating expenses.

Inflation impact: The removal of fuel subsidies erodes purchasing power. An overall rise in prices over time reduces the purchasing power of consumers. This can impact lower-income consumers backwardly because they tend to spend a higher proportion of their income on necessities than those with higher income. This has led to rising fuel prices in the transportation industry, resulting in increased fares for commuters.

Social Impact: Fuel subsidy removal has led to protests and social unrest due to the immediate increase in living costs. Investors who were dependent on cheaper fuel prices found it difficult to adjust to the sudden price increment. The worst is that the market prices of almost all the products be it digital or physical increased because all of them depend on the cost of delivery from the origin to the destination. The cost of foods, raw materials, and finished products increase beyond normal calculations. Suppliers have to increase the market value to meet up to cost price and have some profit margin.

High inflation and reduced purchasing power: The implication of fuel subsidy removal is that the inflation rate would increase. Fuel subsidy removal has triggered the rise in the price of premium motor spirit (petrol) from average retail price of ₦668. 30, indicating a 159.92% increase when compared to the value recorded in January 2023 ₦257.12, followed by a rise to ₦679. 36 in February 2024, increase by 1.65%. The price continued to rise to ₦696.79 in March 2024, with an increase of 2.56%, in April 2024, a 0.64% rise, before reaching ₦769.62 in May 2024, a significant ₦937.50 increase was recorded and currently in majority of the Nigerian States like Adamawa State, Sokoto State, Bauchi State and Akwa Ibom State the fuel price spiked to ₦1709.00. The implication is that the price of industrial goods, produced or transported with petrol, increased sharply, making production cost very high for the local investors and commodities expensive to afford for poor individuals and low-income earners. This effect is also felt by both the rich and the poor, but the poor masses suffer the most, through a significant reduction in their purchasing power.

Increase in poverty and vulnerability: Fuel subsidy removal has increased poverty and has lead to immediate declination of businesses for the local investors in several parts of the country especially in the rural region of Nigeria. The proletariat class of investors seems to witness decline in purchasing power and most businesses find their profit margins squeezed because they are faced with higher costs and reduced sales volumes. As it is, the local investors have pass on the cost to consumers, consumers are carrying the heavy burden because they seems to reduce the quantity purchased, thereby leading to modest business patronage. Furthermore, fuel subsidy removal has affected lot of businesses disproportionately because of the government inappropriate policies.

Other implications of fuel subsidy removal across Nigeria might be that small businesses may face challenges in adjusting to higher fuel costs, as it directly affects their operational expenses. Noticeably, some local investors businesses are the backbone of the Nigerian economy, providing employment and source of livelihood for millions of people. The removal of fuel subsidy adds another burden to their already strained operations. Fuel is a major input for most small businesses, such as transporters, generators, farmers and traders. With the removal of fuel subsidy, the cost of fuel has skyrocketed in a volatile manner. This means that

the local investors have to spend more money on fuel, which reduces their profit margins and affects their competitiveness. Currently, lot of investors have layed off workers due to the increase in production cost, reduced profit as a result of high overhead costs, low sales and income resulting from low patronage and financial strain in the general activities of their businesses. The removal of fuel subsidies is a controversial policy that has significant implications for the Nigerian economy and society. While the government claims that the policy will save money, reduce corruption and encourage investment in the oil sector, many Nigerians are skeptical about the benefits if at all it will be possible and worried about the negative impacts on their lives and businesses. The policy affects different segments of society differently, but business investors are the most vulnerable and hardest hit by the increased cost of fuel. Subsidy removal has interrupted the natural markets and causes high financial expenses for its inhabitants, as it is, if not managed well causing economic deformations. Fuel subsidy was implemented primarily for political purposes often didn't solve core problem and can change market prices without providing a meaningful solution.

NIGERIA'S FUEL INFLATION

According to the World Bank's latest report, the government's decision to implement market-based pricing, which initially tripled petrol prices in May 2023, has led to an additional 40-45% rise in fuel costs in September 2024. McCulloch *et al.*, (2020) explains that for decades, Nigerians have observed the fluctuating journey of fuel prices, spanning from a humble 6 kobo in 1973 to a staggering price till date and fuel subsidy system in Nigeria was plagued by corruption and fuel smuggling, where subsidized fuel was often illegally sold in neighboring countries for a higher price. In Nigeria, the price of petrol is considered as a major driver of the cost of living, as it is used by all including high and small businesses and many households given the unstable electricity supply. Therefore, any increase in fuel price has directly and immediately impact the prices of goods and services across the country. If the current situation persists, additional 4 million citizens will most likely be added to the 133 million citizens intermeshed in multidimensional poverty (National Bureau of Statistics, 2022).There is psychological impact that it tends to have because of the strong sentiment attached to cheap and affordable petrol. When petrol prices increase, business investors tend to raise their prices to cover the increased cost of operation which leads to higher prices for consumers. According to the inflation rate, August 2024 stood at 32.15%, marking a slight decrease of 1.25% points from 33.40% in July 2024.

Despite this reduction on a month-to-month basis, when compared to year-on-year, the August 2024 headline inflation rate had increased by 6.35% points from the 25.80% recorded in August 2023, indicating that the overall inflationary pressures are still significantly higher than they were a year ago. Currently, Nigeria imports its refined petroleum products due to limited or no domestic refining, Nigeria's total import for petroleum products is about $28 billion per annum. This makes the country's fuel price not only dependent on global oil prices and exchange rates, but also importation and handling charges. Local refining is therefore expected to reduce Nigeria's dependence on imports and potentially stabilize petrol prices. However, other than the costs of haulage, insurance and associated cost of importation, though material does not constitute the most significant component of cost across the value chain. This signifies that the pump price without subsidy would still be higher than the

regulated price unless the international price of crude oil falls below a certain level. The past Nigerian government was subsidizing the prices of petrol to make them more affordable for the populace. Nigeria has since experienced sequence of fuel scarcity, subsidy removal, protests and deregulation, as different governments have tried to balance the interests of the State, consumers and the marketers.

Nigeria's Historical Fuel Price Hiking between 1973 to 2024

Names of President	Year	Fuel price	Analysis
General Yakubu Gowon	1973	6k to 8.45k per liter	Following the global oil crisis.
General Murtala Muhammed	1976	8.45k to 9k per liter	-
General Olusegun Obasanjo	1978	9k to 15.3k per liter	Economic challenges as at then prompted the substantial increment.
President Shagari	1982	15.3k to 20k per liter	-
President Babangida	1986 to 1991	20k to 70k per liter	This later reduced to ₦3.25 per litre due to public protests.
President Shonekan	1993	70k to ₦5 per liter	During 90's mark subsidy unveiling, abrupt alternations and price driblet.
President Abacha	1993 to 1999	₦5 to ₦25 per liter	The price later dropped to ₦20 in 1999: Abacha's tenure enhanced wavering, including a promising drop in 1993 and a large increase afterwards in the same year which eventually ended with a short drop in 1994.
President Obasanjo	2000 to 2007	₦20 to ₦75 per liter	Subsidies were introduced with half percentage increase and later reduced with complex balance.
President Yar' Adua	2007	returned back to ₦65 per liter	The only president of Nigeria which commendably didn't increase fuel price and this enhanced stability with positive implications in business sectors.
President Jonathan	2012 to 2015	₦65 to ₦87 per liter	Subsidy reinstatement and political considerations resulted in

			fluctuations of fuel price which later dropped in 2015.
President Buhari	2016 to 2023	₦87 to ₦195	Fuel price later increased to ₦280 and above per liter. The increment marked a response to global oil market dynamics, impacting the transportation sector as economic challenges persisted.
President Tinubu	2023	₦557 per liter	-
Tinubu	2024	₦617 to 1,300 per liter	Unprecedented fuel price, the worse Nigerian has ever encountered.

Abatcha, (2021); Raifu *et al.,* (2020) explains that the changes in oil price have dual effects on the Nigerian economy and its citizens, an avenue for more or less foreign exchange earnings and an increase/decrease in subsidy payments. Several critics have also suggested that the removal of fuel subsidy benefited mainly the elites even though they could afford to buy fuel at market prices, while other vulnerable members of the society are faced with hardship due to declined in businesses and etc. Fuel inflation has caused substantial upsurge in substituting costs between different locations and exacerbated economic challenges among residents across all social strata. This has exerted a negative impact on the cost of requisite food commodities in the markets (CBN, 2023).

Fuel Subsidy Expenditure

If Nigerian government can implement transparent and well-structured reforms, the funds from the fuel subsidy retrieval could be put to substantial use. With an estimated ₦37 billion barrels of proven oil reserves in 2024, placing it 11th in the world and accounting for about 2.2% of the world's total oil reserves of ₦1,650,585,140,000 (one trillion six hundred fifty billion five hundred eighty-five million one hundred forty thousand) barrels. However, the country's mineral riches have not enhanced significant improvement in the quality of life for majority of Nigeria's citizens. 54% of the individuals still live below the national poverty line. According to data from the Nigeria Bureau of Statistics (NBS), the value of Nigeria's crude oil export earnings increased by 50.2% in the first quarter of 2024 to ₦15.4 trillion, the earnings rise from ₦10.3 trillion in 2023 to ₦15.4 trillion in 2024. Therefore, Nigeria does not lack the resources to reach its development goals, rather the resources have been utilized ineffectually. Fuel subsidy cost has continued to grow excessively. On the 6th of June, 2024, precisely in Abuja, the Reuters analysis emphasized that the current rates, expenditure on fuel subsidy is projected to reach ₦5.4 trillion naira by the end of 2024. This compares unfavorably with 3.6 trillion naira in 2023 and 2.0 trillion naira in 2022. Fuel consumption increment made the cost of the fuel subsidy unsustainable.

Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), narrates that the country's domestic consumption for petrol has significantly dropped from ₦66.7 million liters to ₦44.3 million liters per day. The price of crude oil also increased from 79.48 dollars per barrel in 2010 to 77.64 in 2023, over the same period Nigeria's population increased from about 158 million to ₦227 million. By 2011, the fuel subsidy accounted for 30 percent of the Nigerian government's expenditure and it was about 4 percent of GDP and 118 percent of the capital budget. Ovaga and Okechukwu, (2022) explains that fuel subsidy breeds corruption in Nigeria because a group of corrupt people have been working against the functioning of existing refineries and they undermine efforts to build new refineries in Nigeria so that fuel importation would be sustained and fuel subsidy would be retained for the purpose of satisfying their selfish desires. Furthermore, McCulloch, Moerenhout and Yang (2021) shows that many Nigerian citizens oppose fuel subsidy removal or reforms because they believe the government is corrupt and lacks the capability to undertake transparent reforms. If Nigerian government can implement transparent and well-structured reforms, the funds from the fuel subsidy retrieval could be put to substantial use. With an estimated 37 billion barrels of proven oil reserves in 2024, placing it 11th in the world and accounting for about 2.2% of the world's total oil reserves of ₦1,650,585,140,000 (one trillion six hundred fifty billion five hundred eighty-five million one hundred forty thousand) barrels.

However, the country's mineral riches have not enhanced significant improvement in the quality of life for majority of Nigeria's citizens. 54% of the individuals still live below the national poverty line. According to data from the Nigeria Bureau of Statistics (NBS), the value of Nigeria's crude oil export earnings increased by 50.2% in the first quarter of 2024 to ₦15.4 trillion, The earnings rise from ₦10.3 trillion in 2023 to ₦15.4 trillion in 2024. Therefore, Nigeria does not lack the resources to reach its development goals, rather the resources have been utilized ineffectually. President Bola Tinubu during a broadcast to over ₦200 million Nigerians after three days of unbroken nationwide *#EndBadGovernance#* protests economic hardship, the President said the removal of fuel subsidy was a painful but necessary decision he took for economic reforms. "For decades, our economy has remained anaemic and taken a dip because of many misalignments that have stunted our growth." Just over a year ago, our dear country, Nigeria, reached a point where we could not afford to continue the use of temporary solutions to solve long-term problems for the sake of now and our unborn generations. Interestingly, the removal of fuel subsidies according to Mr. President is to abolish multiple foreign exchange which had constituted a noose around the economic jugular of the Nation and impeded our economic development and growth. Nigeria's economy has been stuck in low gear with growth of around 3%, far short of the 6% annual expansion. The President stated that the government will target oil production of around 2 million barrels per day by December, up from ₦1.4 million now, to boost cashflow and plug revenue gaps.

FUEL SUBSIDY AND NATIONAL DEVELOPMENT STRATEGIES IN NIGERIA

The subsidy regime has faced several challenges that's why it became a huge burden on the nation's economy, the cost of subsidising petroleum products has been a major drain on government finances, leading to significant fiscal deficits and a strain on the country's budget. Apparently, the subsidy regime was plagued by corruption and inefficiency, with a substantial portion of the funds intended for subsidy payments being mismanaged by

previous administration. It worsened budget deficits and the country's debt profile, encouraged extortion, falsification, corruption and diverted resources away from critical sectors of the economy, transferring the national wealth to the elites. Several times, the Nigerian government made attempts to remove subsidies in the past, but these efforts have often been met with public vociferation and protests. In time past, the issue remains highly contentious and any decision regarding subsidy removal likely met with opposition due to the Nigeria inappropriate policies. There's growing evidence that one of the major constraints to a healthy developmental policy is improvement and inconsistency in government and gaps in their implementation. In this context, a strategy implementation is turning a well-thought-out plan into action.

The National Development Strategy is aimed at realising the country's vision and objectives which include:

- Ensure sustainable environmental protection and resilience.
- Achieve and sustain inclusive and equitable Real GDP growth.
- Promote Good Governance and Corporate Social investment.
- Strengthen Social Infrastructure and Social Safety nets.
- Strengthen macroeconomic stability, characterised by unstable inflation.
- Promoting new enterprise development, employment and job creation.

The Strategy identifies its priorities as: Economic growth and stability, governance, moving the economy up the value chain and structural transformation, human capital development, environmental protection, climate resilience and natural resource management, health and well-being, transport, infrastructure and utilities. The successful implementation of the strategy is pegged on the success of other factors, including the global recovery from the local economic recovery on the back of firming international mineral prices and agriculture recovery. The strategy involves a macroeconomic framework, premised on the adoption and swift implementation of bold policies and programmes aimed at achieving economic transformation through the creation of a thriving private-sector led, open and competitive economy, with sound macroeconomic policies anchored on fiscal discipline, monetary and financial sector stability, a business friendly environment which promotes both foreign and domestic investment. In the light of the above, the development strategies should be able to address the problem with a deeper understanding of whether the current policy direction, budgeting, planning, prioritization, implementation and monitoring are consistent with national development outcome. Nigeria that we all know faces several hindrances in achieving its developmental goals. But, one of the most profound is policy inconsistency and discontinuity.

The National Council on Development Planning (NCDP) indicates that lack of stability and continuity in programs by succeeding governments has the scourge of Nigeria's stunted growth and development, very few policies have stood a test of time. Fundamentally, government strategies are actions directed at achieving certain desired goals or objectives. In the light of given societal problem, a government strategies should align with public expectations, emphasizing economic and social outcome. President Bola Tinubu's administration in the removal of fuel subsidy in Nigeria was wrong because it does not focus

on subsidising production and would ultimately compound the suffering of Nigerians. Many Nigerians were in support of removal of fuel subsidy, because the scheme benefited Nigerians, but, presently the reverse is the case. The new change through subsidy removal that has placed the whole country in a disrupted condition might eventually join the existing trend of discontinuity, because policies discontinuity has become a grounded culture in Nigeria. Before the discovery of oil, the agriculture sector was the bedrock of Nigeria's economy. But, lack of cohesion and sustainability has prevented the sector from growing to its full potential. Interestingly, the current administration has already tarnished its credibility in enforcing subsidy removal with inappropriate measures taken for the well-being of its citizens. The removal of fuel subsidy has triggered a shift with far-reaching implications across economic, environmental and social spheres. While the reallocation of resources from subsidies to crucial sectors like education, healthcare and transport holds positive transformation potentials, a well developmental strategy should be implemented and monitored to ensure effective utilization and equitable distribution of these funds to the appropriate and critical sectors.

The present administration in Nigeria targeted fuel subsidy removal because of inherent massive corruption, revenue leakages, smuggling of petroleum products outside the country, improper allocation of subsidy, over-bloated subsidy claims, apart from other macroeconomic challenges arising from weak fiscal regime of high fiscal deficit, huge debt burden and weak infrastructure and others but to mention a few. The beauty of this policy is that, it ultimately aims to protect the oil and gas industry in Nigeria from collapsing according to government objectives, but, would their action yield positive benefits for the masses, would the saved funds be channeled to the critical sectors as indicated, would the political elites allow the poor masses benefit from the government palliatives meant to cushion the economic hardship on the citizenry. Notably, the current subsidy policy might not yield the desired impact, there's nothing cheering about the current administration because when policies are not well thought- through before implementation, the aftermath effect is always visible. Currently, Nigerians are in slavery and the only option is either violent revolt or somehow does what they did in Bangladesh. Unless the political class can wake up, look at their country and trace back their steps, Nigerians will continue to remain in anarchy state. The policy introduced by the current administration have compounded the problems created by the previous leaders. Removing fuel subsidy in Nigeria requires several approaches to ensure a smooth transition and minimize adverse impacts on the economy and the population, this is where the previous government failed when it comes to subsidy removal, because of inherent massive corruption, revenue leakages, smuggling of petroleum products outside the country, improper allocation of subsidy, overbloated subsidy claims, apart from other macroeconomic challenges arising from weak fiscal regime of high fiscal deficit, huge debt burden and weak infrastructures.

Subsidy Removal Palliatives Measures in Nigeria

A palliative refer to an action that is intended to make bad situation seem better, but doesn't actually solve the problem. However, people will most likely support reforms for their genuine welfare. Palliative by the government is to address the hardship of fuel subsidy removal. Moreover, the choice of palliative and distribution of palliative materials has come with indicators that affect the genuine process and purpose of the use of palliative in

cushioning the economic hardship of fuel subsidy removal. The choice and the adoption of palliative distribution always leave dissatisfaction and mistrust the people have for the government. While the intention behind the choice and distribution process is good, but the operational reality always leaves the poor majority yawning after been robbed of their palliatives. The following are the palliatives measures indications:

- ₦75bn for manufacturers.
- 100 billion to acquire 3,000 units of 20-seater CNG-fueled buses.
- 200 billion to boost agricultural production.
- ₦125 billion for micro, small and medium-sized enterprises and the informal sector.
- ₦5 billion palliative package for each state of the federation and 180 trucks of rice for each State of the federation.
- ₦185 billion as palliatives for the Nigerian States.
- ₦1 trillion on student loans and other programmes.
- ₦315 billion to pay federal workers.
- ₦35,000 allowance for six months.
- ₦1.13 trillion to 15 million households at ₦25,000 per month for three months from October to December 2023.
- ₦70 billion earmarked as palliative measures for lawmakers.
- ₦75 billion loan facility to 1.5m market women.
- ₦650 million financial packages to assist households hurt by economic reforms.
- Allocations for a review of the minimum wage support for micro-, small- and medium-scale enterprises.
- The purchase of 3,000 gas-powered buses to reduce the cost of transportation.
- Release of 200,000 metric tons of grains to households.
- 225,000 metric tons of fertilizers, seedlings and other inputs to farmers.

MINIMIZING THE NEGATIVE IMPACT OF SUBSIDY REMOVAL

Even if, fuel subsidy had to go because it was bad for the Nigeria economy. It has become clear from the unprecedented inflation in the country partly caused by the removal of fuel subsidies, the undiplomatic removal of the subsidy wasn't an excellent strategy to use. The action should have been staggered over several months. This would have provided soft landing and gradually exposed Nigerians to a full market price of fuel. The present administration could have chosen from various mechanisms to minimize the negative impact of subsidy removal. As proposed by the World Bank, a temporary price cap would have ensured that fuel price increase didn't inflict too much pain on consumers. This approach would have significantly reduced, but not eliminate, the fiscal burden of the subsidy. Re-establishing government credibility and good development strategies first could have offered economic succor such as cash transfer or palliatives for poor Nigerians, wages increases for workers and retirees, free lunches for primary and secondary students in public schools, scholarships and tuition waivers for indigent student in tertiary institutions and subsidized public transport. By so doing, Nigerians would have been more tolerant of difficult economic policies and psychologically prepared for what was coming based on the subsidy removal. The following are also crucial steps to minimizing negative impact of fuel subsidy:

Reduce Nigeria's dependence on imported petrol: The Dangote refinery which has been set to roll out its shipment of the Premium Motor Spirit (PMS) known as petrol with capacity of 650,000 barrels per day, which is sufficient to meet Nigeria's domestic demand for refined petroleum products, generate a surplus for export and reduce petrol importation significantly. In addition to the Dangote Refinery, other local refineries with their differing refining capacity levels will further enhance Nigeria's refining capabilities and Nigeria's dependence on imported petrol. This development is anticipated to provide much needed relief to Nigerians who have been grappling with severe shortage in various towns and cities across the country.

Saved funds would be channeled for infrastructural development: The funds retrieves from removal of fuel subsidy in Nigeria would free up funds for public services, including the development of crucial infrastructure project, health and the liberalization of the fuel industry would benefit the economy of Nigeria. Previously Nigeria did not have sufficient money to fund the development of crucial infrastructure due to lack of sufficient funds led the government to incur huge debts to finance the budget. However, with the removal of fuel subsidy, the government could use these saved funds and channel them appropriately for the purpose of developing critical public infrastructure in Nigeria. This expectation can only transpire if government is translucent and the subsidy removal funds is utilized adequately.

Create public awareness and consensus: Removal of fuel subsidies should enhanced public awareness highlighting the economic, social, and environmental benefits. Conduct awareness campaigns and engage with different stakeholders, including political leaders, business associations, consumer groups, and civil society organizations, to build consensus and obtain support for the change. This has not been done comprehensively in Nigeria.

Reduced government borrowing: There have been debates about the adverse effect of fuel subsidy payments on government borrowing (Okongwu and Imoisi, 2022). In 2022, the government constantly borrowed from the Central Bank of Nigeria (CBN) to ensure debt repayment. The developmental strategy for removal of fuel subsidy indicates that government borrowing from the Central Bank would stop, as the saved funds from fuel subsidy removal will become available for the government to use to meet its public expenditures. Removal of fuel subsidy if channeled appropriately will enhanced growth in critical sectors of national development and also bring about a resource balance to majority of the inhabitants.

Evaluation and Monitoring impact: Establish a robust evaluation and monitoring system to create the desired impact of removing fuel subsidies. Create an analysis plan and reporting templates, monitor fuel prices, inflation rates, economic indicators, and social outcomes to identify any potential negative effects and make necessary adjustments to the subsidy removal policy as required. This would help to improve the policy overall efficiency by catching and resolving issues before it's too late.

CONCLUSION AND RECOMMENDATIONS

The results of development strategies are best experienced if they are considerably thought through, while it can lead to positive outcomes such as, if the resource saved from subsidy

removal is channeled to the development of other sectors that will enhance growth to the populace. Removing fuel subsidy without putting appropriate shock-absorbing measures might make it difficult for government to achieve the policy's long-term aims like economic growth, investment in renewable energy, fiscal sustainability and maximum investment in productive sectors of the economy. Fuel subsidy removal has caused increase in prices, adversely affecting many businesses and economically insecure Nigerian households. It's noted that the local investors who directly purchase and use petrol as well as those that indirectly consume petrol, are adversely affected by the price increase. The government has announced its intention to redirect the saved funds from the subsidy into public infrastructure, health and support for small businesses and safety net programs, this is a positive step to the right direction, but the success of these programs rests on having proper oversight and participation of civil society. This study recommends that with government assembling a committee of key civil society organizations to oversee the investment of these funds would be a welcoming development.

The Nigerian government should implement a transparent system for redirecting and monitoring the use of funds from the fuel subsidy removal so that its citizens can review and scrutinize the expenditure. Particularly, the Nigerian government should reinvest savings from subsidy removal in revamping the country's refineries.

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