

**Subsidy Removal, Corrupt
Practices and Implications on
The Nigerian Economy,
2012-2023**

African Journal of Stability
& Development
Vol 16 No. 2, Dec. 2024
pp. 214-232

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Abstract

Subsidy removal and corruption significantly impact the Nigerian economy. This study investigates the impact of subsidy removal and corruption on the Nigerian economy from 2012 to 2023. The main objective is to analyse the economic consequences of subsidy removal policies and the types and forms of corruption associated with them. The study adopted the Public Choice Theory as the theoretical framework for understanding the decision-making processes and behaviour of stakeholders involved in subsidy removal and corruption. Methodologically, the study employs a qualitative approach, using secondary data, analysed through

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content and historical analysis. Findings indicate that while subsidy removal policies aim for fiscal sustainability, they often lead to inflationary pressures, social unrest, and public dissatisfaction. Moreover, corruption exacerbates these challenges, undermining governance, transparency, and accountability. Based on the findings, the study recommends strengthening anti-corruption measures, enhancing governance and institutional capacity, implementing targeted social safety nets, fostering public-private partnerships, and enhancing international cooperation to address the challenges posed by subsidy removal and corruption. These recommendations aim to promote transparency, accountability, and inclusive economic development in Nigeria. Overall, this study contributes empirical evidence, theoretical insights, and policy recommendations for understanding and addressing the complex interactions between subsidy policies, corruption dynamics, and socio-economic development in Nigeria.

Keywords: Subsidy, Corruption, Economy, Subsidy Removal, Corrupt Practices.

Introduction

Fuel subsidy is a government discount on the market price of fossil fuel to make consumers pay less than the prevailing market price of fuel (Ovaga and Okechukwu, 2022). When subsidies are in place, consumers would pay below the market price per litre of the petroleum product. Globally, there are debates about fuel subsidies because of the huge amount used to offset the subsidies and the subsequent effects on citizens' welfare and the fiscal health of a nation. There was no petroleum subsidy on petroleum pricing in Nigeria until 1973 when the oil companies started determining the retail prices. A subsidy of 35.7% was introduced in 1973 when the Federal Government fixed retail prices of domestic oil consumption at \$1.9. The subsidy increased to 83% by 1974 following the 1973/1974 oil price increases. This was due to the fact that domestic price of oil was not adjusted (Anyanwu, 1987).

In 1978, the subsidy was reduced to only 2% as a result of oil price reviews. Then, the price of crude oil to the domestic refinery was increased to \$13.80/bbl (Anyanwu, 1987). However, by 1980, the subsidy rose to 65.5% due to the hike in crude oil price to \$40/bbl, unaccompanied by a review of the domestic prices. In 1982, the then-civilian administration increased the retail pump price of Premium Motor Spirit (PMS) from 15.39 kobo per litre to 2.00 kobo per litre. Thus, by 1985, according to Nigerian National Petroleum Corporation's (NNPC) calculation using 1982 consumption level, the subsidies of 4.00 kobo per litre, remained on PMS, Kerosene, AGO and fuel oil respectively (Anyanwu, 1987). Following Nigeria's request for an International Monetary Fund (IMF) loan of about \$1.2b in 1983/84, removal of petroleum subsidy was one of the three major preconditions (conditionality). Though Nigeria rejected the loan late in 1985 as a result of public resentment, yet the 1986 budget adopted most of the IMF prescriptions of which removal of petroleum subsidy was one. It was against this background that the 1986 petroleum subsidy withdrawal was made, (Anyanwu, 1987 in Adebogun 2013).

In 2012, the government under the administration of the former Nigerian President Goodluck Ebele Jonathan abruptly removed fuel subsidy. The removal led to massive protests intended for the government to reinstate the fuel subsidy it had removed. The government consequently reinstated fuel subsidy in 2012. Since then, fuel subsidy payment in Nigeria has grown enormously. In 2022, fuel subsidy reached ₦ 4 trillion (US\$6.088 billion) which amounted to 23 percent of the national budget of ₦ 17.126 trillion (US\$25.87 billion) in 2022. As a result, Nigeria could no longer sustain fuel subsidy in 2023, and the government announced that fuel subsidy would be removed in June 2023. The removal of subsidies and its implications on the Nigerian economy, particularly in the context of corrupt practices, has been a subject of considerable research and policy discourse. Nigeria, as an oil-producing nation, has historically subsidised various sectors, including fuel, electricity, and agriculture, aiming to support economic growth and provide social welfare benefits to its populace (Ayadi, 2017). However, the effectiveness and efficiency of these subsidy programmes have been widely debated due to rampant corruption within the country. Nigeria has long grappled with endemic corruption, characterised by misappropriation of

public funds, bribery, and rent-seeking behaviour across government agencies and private entities (Okeke-Uzodike & Anazodo, 2019).

Fuel subsidy, in particular, has been a contentious issue, with the government facing challenges in balancing the need to keep prices affordable for consumers while addressing fiscal constraints (Okafor, 2018). The removal of subsidies has often been accompanied by protests and social unrest, reflecting the deep-seated socio-economic implications of such policy changes (Oloruntoba, 2018). Corrupt practices exacerbate the challenges associated with subsidy removal, undermining the intended benefits of government interventions and eroding public trust in institutions (Olugbenga & Adesoji, 2020). Corruption not only distorts market mechanisms but also hampers efforts to promote transparency, accountability, and good governance (Bello & Akerele, 2019). In Nigeria, the normal order of conducting economic activities involves subsidising key sectors such as fuel, electricity, and agriculture to support growth and provide social welfare benefits. However, the aberration arises when corrupt practices undermine the effectiveness and efficiency of subsidy programmes, exacerbating economic challenges and eroding public trust in governance. Despite efforts to curb corruption and improve governance, the problem persists, hindering sustainable economic development and exacerbating social inequalities. Existing literature has extensively documented the adverse effects of corruption on subsidy removal and its implications for the Nigerian economy (Okeke-Uzodike & Anazodo, 2019). However, these studies often fail to adequately address the root causes of corruption and offer comprehensive solutions to address the issue effectively (Bello & Akerele, 2019).

While some research has highlighted the socio-economic consequences of subsidy removal and corrupt practices, there is a gap in understanding the specific mechanisms through which corruption undermines subsidy programmes and impedes economic growth (Olugbenga & Adesoji, 2020). Additionally, limited attention has been paid to exploring alternative policy approaches and institutional reforms to mitigate the impact of corruption on the Nigerian economy (Okoye & Nwankwo, 2020). Addressing these gaps is crucial for informing evidence-based policy interventions and fostering sustainable economic development in Nigeria.

Theoretical Framework

Public Choice Theory is a branch of economics that applies economic analysis to political decision-making. Buchanan and Tullock, pioneers of Public Choice Theory, argue that politicians and bureaucrats are self-interested actors, much like individuals in the private sector, and they pursue their own goals rather than the public interest (Buchanan & Tullock, 1962). One key concept in Public Choice Theory is the “rationally ignorant voter” hypothesis. This suggests that voters have limited incentives to become fully informed about political issues because the likelihood of their vote affecting the outcome of an election is extremely low (Downs, 1957). As a result, voters may remain uninformed or rely on heuristics and cues from political parties when making decisions (Lupia & McCubbins, 1998).

Furthermore, Public Choice Theory highlights the importance of analysing government actions in terms of the incentives available to policymakers and bureaucrats. For example, bureaucrats may seek to maximise their budgets or expand their authority, even if it is not in the best interest of the public (Niskanen, 1971). Similarly, politicians may prioritise policies that benefit special interest groups that provide campaign contributions or other forms of support (Stigler, 1971). Public Choice Theory provides valuable insights into understanding the behaviour of political actors and the outcomes of government policies by applying economic principles to the study of politics and public decision-making.

Theoretical Application

Public Choice Theory suggests that policymakers are rational actors who respond to incentives and seek to maximise their utility or self-interest. In the context of subsidy removal, policymakers in Nigeria prioritise short-term political gains or electoral considerations over long-term economic efficiency. The application of Public Choice Theory to the study of subsidy removal and corruption in Nigeria provides a theoretical framework for understanding the behaviour of policymakers, interest groups, and other stakeholders involved in the subsidy removal process.

Methodology

This paper employed a qualitative approach, using secondary data, analysed via content and historical analysis. Data was thematically analysed through secondary data and existing literature on the subject matter.

Conceptual Analysis of Fuel Subsidy and Corruption

A subsidy is a form of financial aid or support extended to an economic sector, generally to promote economic and social policy. The term, subsidy, can relate to any type of support and comes in various forms such as direct (cash grants, interest-free loans) and indirect (tax breaks, insurance, low-interest loans, rent rebates, price discounts, depreciation, write-offs etc). There are also production subsidies which ensure producers are better off by supplying market price support or payments to factors of production and consumption subsidies which reduce the price of goods and services to the consumer. A subsidy in any form is an economic intervention that is contrary to the market's demand and it is also an aid directly granted by the government to an individual or private commercial enterprise deemed beneficial to the public to offset market failures and externalities to achieve greater economic efficiency (Oxford Dictionary, 2019). Nigeria ran two forms of subsidy before the inauguration of the Tinubu administration. The first is the payments of the difference between the actual pump price of petrol which is arrived at after calculating landing cost and the extant margins and the other is the cost of transportation paid on every litre to ensure that the price of petrol was similar across the country (Ogundipe, 2013).

Corruption means many things to many people depending on one's position and perception. Adebite (1991) argued that corruption could denote moral depravity and perversion of integrity, through bribery or favour, or "a conscious and well-planned act by a person or group of persons to appropriate by unlawful means the wealth of another person or group of persons." In the view of Shehu (in Aluko, 2006), corruption is the diversion of resources from the betterment of the community to the gain of individuals at the expense of the community." According to Torado, Stephen and Smith (2004:711), corruption is the abuse of public trust for private gain and a form of stealing. It is a violation of the moral ethos to confer personal advantage on self or acquaintances (Saliu & Aremu, 2004). It is equally the act of being willing to act dishonestly or illegally in return for money or in

kind, and/or not following the accepted standard of behaviour in the society (Egwu, Ndukwe, Egwu, Oketa, Ezeali, Ajagbo & Otuma, 2009).

The concept of corruption is multifaceted and can be understood from various perspectives. In the context of this study, corruption refers to the abuse of entrusted power for personal gain or to benefit a particular group or individual (Transparency International, 2020). Corruption manifests in different forms, including bribery, embezzlement, fraud, extortion, and nepotism (Adewumi & Fakoya, 2018). It undermines governance, transparency, and accountability, eroding public trust in government institutions and hindering socio-economic development (Ajayi & Ojo, 2016). Corruption can occur at different levels of government and across various sectors, including the energy sector, where mismanagement of subsidy funds and diversion of public resources are common (Ogunleye & Ekine, 2017). It often thrives in environments characterised by weak institutional frameworks, inadequate enforcement mechanisms, and a lack of transparency and accountability (Ezeoha, 2015).

In summary, corruption represents a fundamental challenge to governance and development in Nigeria, undermining the effectiveness of policies and institutions and impeding progress towards inclusive and sustainable economic growth. Understanding the concept of corruption is essential for analysing its drivers, consequences, and implications for policy-making and governance.

History of Subsidy Removal in Nigeria

The historical overview of subsidy removal in Nigeria is characterised by a series of policy shifts and economic challenges. Since the country's independence in 1960, Nigeria has relied heavily on oil revenues to fuel its economy. Subsidies on petroleum products, particularly gasoline, became entrenched as a means of keeping prices low for consumers and maintaining social stability. However, the management of these subsidies has been plagued by inefficiency, corruption, and fiscal strain.

According to Aderibigbe (2014), the practice of subsidising petroleum products dates back to the 1970s when the Nigerian government sought to mitigate the impact of oil price fluctuations on domestic consumers. Subsidy removal efforts have been sporadic over the years, often triggered by

external shocks such as fluctuations in global oil prices or pressures from international financial institutions like the IMF and World Bank. These institutions have advocated for subsidy reforms as part of broader economic restructuring programmes aimed at reducing fiscal deficits and promoting market-oriented policies (Ajayi & Ojo, 2016).

Despite periodic attempts to dismantle subsidies, successive Nigerian governments have faced significant resistance from the populace due to the perceived negative impact on living standards. The removal of fuel subsidies in January 2012 by the administration of President Goodluck Jonathan led to widespread protests and civil unrest across the country (Amadi & Okereke, 2013). Subsequent administrations have grappled with similar challenges, illustrating the entrenched nature of subsidy dependence and the political sensitivity surrounding its removal.

Furthermore, the history of subsidy removal in Nigeria is intertwined with the broader issue of corruption. Scholars like Adewumi and Fakoya (2018) argue that corruption has been a major obstacle to effective subsidy management, leading to leakages, inefficiencies, and revenue losses for the government. The nexus between corruption and subsidy removal has fuelled public distrust in government institutions and exacerbated social inequalities, particularly among the most vulnerable segments of society.

The table below X-rays the various Petro-Price Adjustments in Nigeria since 2000.

S/N	Date	Administration	Price	Percentage change
1	2000	Obasanjo	N20.00 -	-
2	2000	Obasanjo	N22.00	10%
3	2001	Obasanjo	N26.00	18%
4	2003	Obasanjo	N40.00	54%
5	2004	Obasanjo	N45.00	13%
6	2007	Obasanjo	N70.00	56%
7	2007	Yaradua	N56.00	00%
8	2010-2012	Jonathan	N65.00 -	-
9	2012-2015	Jonathan	N141.00	117%
10	2016-2023	Buharia	N145.00	
11	2023	Tinubu	N600.00	

Compiled by the authors

The historical context of subsidy removal in Nigeria reflects a complex interplay of economic, political, and social factors. While subsidy reforms have been intermittently pursued as part of fiscal consolidation efforts, they have often been met with resistance due to concerns over their impact on livelihoods and social stability. Moreover, the pervasive influence of corruption has undermined the effectiveness of subsidy policies and contributed to broader governance challenges in the country.

Post-Subsidy Removal in Nigeria: Economic, Social, and Political Implications

One notable study by Ezeoha (2015) analysed the immediate economic effects of fuel subsidy removal in Nigeria in 2012. The study found that while the removal of subsidies led to an initial increase in fuel prices and inflationary pressures, it also contributed to fiscal savings for the government. However, the study highlighted the regressive nature of subsidy removal, as the burden of higher fuel prices disproportionately affected low-income households. Building on this research, Onodugo et al. (2018) conducted a longitudinal analysis of the Nigerian economy post-subsidy removal, spanning 2012 to 2016. Their study explored the medium-term impacts of subsidy removal on key macroeconomic indicators such as GDP growth, inflation, and exchange rates. The findings suggested that while subsidy removal initially posed challenges to economic stability, including inflationary pressures and currency depreciation, it also created opportunities for fiscal consolidation and structural reforms in the energy sector.

Moreover, studies have examined the social and political dimensions of subsidy removal in Nigeria. Ogunleye and Ekine (2017) qualitatively analysed public perceptions and reactions to fuel subsidy removal, highlighting the role of civil society organisations and grassroots movements in mobilising opposition to government policies. The study underscored the importance of understanding the socio-political dynamics surrounding subsidy removal and its implications for governance and democratic accountability. In addition to academic research, policy-oriented studies have provided insights into the long-term implications of subsidy reforms in Nigeria. The World Bank (2019) conducted a comprehensive assessment of energy subsidy reforms in Nigeria, emphasising the importance of targeted social safety nets and

complementary policies to mitigate the adverse effects of subsidy removal on vulnerable populations. The study underscored the need for evidence-based policy interventions to address the underlying drivers of subsidy dependence and promote sustainable economic development.

An Overview of Subsidy Removal Policies from 2012-2023

During the specified period of 2012 to 2023, Nigeria experienced significant shifts in subsidy removal policies, reflecting the government's attempts to address fiscal challenges, improve resource allocation efficiency, and promote economic reform agendas. In 2012, the administration of President Goodluck Jonathan implemented a highly controversial subsidy removal policy, leading to widespread protests and social unrest (Amadi & Okereke, 2013). The decision to remove fuel subsidies was motivated by the government's desire to reduce fiscal deficits and redirect resources towards important sectors such as infrastructure and social services. However, the abrupt nature of the policy change and its perceived adverse effects on household budgets sparked public outrage and triggered calls for policy reversal.

Subsequent administrations continued to grapple with the issue of subsidy removal, albeit with varying degrees of success and public acceptance. Under the leadership of President Muhammadu Buhari, efforts were made to partially deregulate the petroleum sector and reduce fuel subsidy (Ogunkola & Adejumo, 2018). However, the implementation of these policies was hindered by institutional constraints, political opposition, and lingering concerns over the equitable distribution of subsidy savings.

Throughout the specified period, subsidy removal policies were often accompanied by promises of reinvesting savings into social programmes and infrastructure development initiatives. For example, the Nigerian National Petroleum Corporation (NNPC) proposed the establishment of a special fund to channel subsidy savings towards critical infrastructure projects and poverty alleviation programmes (Ajayi & Ojo, 2016). However, the effectiveness of such measures in addressing socio-economic inequalities and promoting inclusive growth has been a futile effort. Moreover, the issue of subsidy removal intersected with broader discussions on energy sector reforms, including efforts to attract private investment, improve

regulatory frameworks, and enhance transparency and accountability in the management of natural resources (Adewumi & Fakoya, 2018). These policy initiatives reflected a broader agenda of economic diversification and structural transformation aimed at reducing Nigeria's dependence on oil revenues towards promoting sustainable development.

In summary, the overview of subsidy removal policies during the specified period underscores the complex interplay of economic, political, and social factors shaping Nigeria's energy policy landscape. While subsidy reforms have been pursued as part of broader fiscal consolidation efforts and economic reform agendas, their implementation has been fraught with challenges and contentious debates over their impact on households, businesses, and the overall economy.

Types and forms of Corruption Related to Subsidy Removal in Nigeria

Types and forms of corruption related to subsidy removal in Nigeria encompass various illicit practices that undermine the transparency and efficiency of government policies and processes. These corrupt activities manifest in different forms and occur at different stages of the subsidy removal process. Some of them are identified below:

Embezzlement and Misappropriation

Embezzlement involves the illegal appropriation of public funds by government officials for personal gain. In the context of subsidy removal, embezzlement may occur through the diversion of subsidy savings or misallocation of resources meant for infrastructure development or social programmes (Transparency International, 2020).

Bribery and Extortion

Bribery entails the offering or acceptance of financial or other benefits in exchange for preferential treatment or favourable decisions. Government officials may solicit bribes from stakeholders in the energy sector, such as oil marketers or refinery operators, to influence subsidy allocation or procurement processes (Adewumi & Fakoya, 2018).

Fraudulent Practices

Fraudulent practices involve deceitful or deceptive actions aimed at obtaining financial or other benefits through dishonest means. In the context of subsidy removal, fraudulent practices include falsifying subsidy claims or inflating costs associated with the importation, distribution, or sale of petroleum products (Ogunleye & Ekine, 2017).

Conflict of Interest

This arises when government officials use their positions for personal gain or benefit from decisions that may conflict with their official duties. In the context of subsidy removal, conflicts of interest may arise when government officials have financial interests in companies or entities involved in the energy sector or subsidy-related activities (Ajayi & Ojo, 2016).

Rent-Seeking Behaviour

Rent-seeking behaviour refers to efforts to obtain economic benefits by manipulating government policies or regulations rather than creating value through productive activities. In the context of subsidy removal, rent-seeking behaviour may involve lobbying or exerting political influence to maintain or increase subsidies for specific groups or industries (Ezeoha, 2015).

Collusion and Cartelisation

Collusion and cartelisation occur when companies or individuals conspire to manipulate markets, restrict competition, or fix prices to their advantage. In the context of subsidy removal, collusion among oil marketers or refinery operators leads to price-fixing schemes or market distortions that undermine the objectives of subsidy reforms (Amadi & Okereke, 2013).

The types and forms of corruption related to subsidy removal in Nigeria are diverse and pervasive, encompassing a range of illicit practices that undermine transparency, accountability, and the efficient allocation of public resources. Addressing these corrupt activities requires concerted efforts to strengthen anti-corruption measures, enhance governance and oversight mechanisms, and promote transparency and accountability in the management of subsidy-related processes.

The Economic Consequences of Subsidy Removal and Corruption in Nigeria

The economic consequences of subsidy removal and corruption in Nigeria are significant and multifaceted, impacting various aspects of the economy, including fiscal stability, resource allocation efficiency, investment climate, and socio-economic development. Subsidy removal can have both positive and negative economic consequences. On the one hand, removing subsidy can lead to fiscal savings for the government, as it reduces expenditure on subsidies and frees up resources for investment in priority sectors such as infrastructure and social services (Ezeoha, 2015). This can contribute to improved fiscal sustainability and reduce the government's reliance on borrowing to finance budget deficits.

On the other hand, subsidy removal can also have adverse effects on households and businesses, particularly those that rely on subsidised goods and services for their livelihoods. Higher fuel prices resulting from subsidy removal can lead to increased production costs, transportation costs, and consumer prices, which can reduce disposable incomes and erode purchasing power (Onodugo et al., 2018). This, in turn, can have negative implications for consumption, investment, and overall economic growth. Corruption exacerbates the economic consequences of subsidy removal by undermining the effectiveness of policy implementation and distorting resource allocation mechanisms. In the context of subsidy removal, corruption can manifest in various forms, including embezzlement, bribery, and rent-seeking behaviour (Adewumi & Fakoya, 2018). For example, corrupt practices such as fuel smuggling, product adulteration, and diversion of subsidised goods to the black market can undermine the objectives of subsidy removal policies and perpetuate inefficiencies in the economy.

Moreover, corruption erodes public trust in government institutions and undermines investor confidence, thereby deterring domestic and foreign investment and hindering economic growth (Transparency International, 2020). The prevalence of corruption in Nigeria's energy sector, including the mismanagement of oil revenues and the diversion of subsidy funds, has contributed to a lack of transparency and accountability in the management of public resources (Adewumi & Fakoya, 2018). This, in turn, has hindered efforts to promote economic diversification, attract investment, and foster inclusive growth.

Government Responses and Public Reactions to Subsidy Removal in Nigeria

Following the implementation of subsidy removal in 2012, the government of President Goodluck Jonathan faced widespread public protests and social unrest (Amadi & Okereke, 2013). In response, the government engaged in dialogue with labour unions and civil society groups, seeking to address concerns over the impact of higher fuel prices on household budgets. However, the effectiveness of these measures in appeasing public anger and restoring social stability was limited, highlighting the challenges of managing public expectations in the face of unpopular policy decisions. Subsequent administrations have adopted different strategies to address the issue of subsidy removal. The government of President Muhammadu Buhari pursued a policy of partial deregulation, aiming to reduce the government's financial burden while mitigating the adverse effects of higher fuel prices on consumers (Ogunkola & Adejumo, 2018). However, this approach has also faced criticism from opposition parties and civil society organisations, who argue that it fails to address the underlying structural challenges in the energy sector and protect the interests of ordinary citizens.

Public reactions to subsidy removal in Nigeria have been characterised by a mixture of protests, strikes, and civil disobedience. Ogunleye and Ekine (2017) conducted a qualitative analysis of public perceptions and reactions to fuel subsidy removal, highlighting the role of social media and grassroots movements in mobilising opposition to government policies. The study found that many Nigerians viewed subsidy removal as evidence of government insensitivity to the plight of the poor and marginalised, further eroding trust in public institutions and fueling disillusionment with the political process. Moreover, public reactions to subsidy removal have been shaped by broader socio-economic factors, including rising unemployment, poverty, and inequality. Adewumi and Fakoya (2018) emphasised the importance of understanding the social and economic context in which subsidy removal policies are implemented, noting that they often exacerbate existing inequalities and deepen social divisions. The study called for greater transparency, accountability, and public participation in decision-making processes to ensure that subsidy removal policies are inclusive and responsive to the needs of all segments of society.

The discussion of government responses and public reactions to subsidy removal in Nigeria highlights the complex interplay of political interests, social dynamics, and economic pressures shaping policy outcomes. While governments have sought to address fiscal challenges and promote economic reform agendas through subsidy removal, they have also faced resistance from citizens who perceive these policies as unjust and detrimental to their well-being. Moving forward, there is a need for greater dialogue, consultation, and participatory governance mechanisms to build consensus around subsidy reform policies and promote social cohesion and democratic accountability.

The Socio-Political Implications of Subsidy Removal and Corruption in Nigeria

Subsidy removal policies often provoke socio-political unrest and public dissatisfaction due to their immediate impact on the cost of living and the welfare of citizens. These policies are often perceived as unjust, particularly by low-income households who bear the brunt of higher prices for essential goods and services (Ogunleye & Ekine, 2017). As a result, subsidy removal can exacerbate social tensions, fuel protests, and undermine the legitimacy of the government in the eyes of the public. Furthermore, subsidy removal policies intersect with broader issues of governance, transparency, and accountability. How subsidy removal decisions are made and implemented can either enhance or erode public trust in government institutions. When subsidy removal is perceived as arbitrary or influenced by vested interests, it can reinforce perceptions of corruption and political favouritism (Adewumi & Fakoya, 2018). This, in turn, undermines the credibility of the government and weakens democratic institutions.

Corruption exacerbates these socio-political challenges by perpetuating a culture of impunity and undermining the rule of law. The prevalence of corruption in Nigeria's energy sector, including the mismanagement of subsidy funds and the diversion of public resources, erodes public confidence in government institutions and fosters a sense of disillusionment among citizens (Transparency International, 2020). Corruption also undermines efforts to promote transparency, accountability, and good governance, thereby hindering socio-economic development and exacerbating social inequalities.

Moreover, the nexus between subsidy removal, corruption, and socio-political instability has broader implications for peace and security in Nigeria. Civil unrest and protests triggered by subsidy removal policies can escalate into violent conflicts and undermine social cohesion (Amadi & Okereke, 2013). In addition, corruption in the energy sector can fuel grievances and exacerbate ethno-religious tensions, particularly in regions where access to basic services is limited and socio-economic inequalities are pronounced.

The socio-political implications of subsidy removal and corruption in Nigeria are intertwined with broader challenges of governance, transparency, and democratic accountability. Addressing these issues requires holistic and systemic reforms to promote inclusive growth, strengthen institutions, and build trust between government and citizens. Efforts to combat corruption and promote transparency are essential for fostering socio-political stability and advancing the long-term development goals of Nigeria.

Findings and Conclusion

The key findings of the discussion on subsidy removal, corruption, and their implications on the Nigerian economy can be summarised as follows:

Subsidy removal policies have been implemented sporadically in Nigeria over the years, driven by factors such as fiscal pressure, economic reform agendas, and external pressures from international financial institutions. While subsidy removal can lead to fiscal savings for the government, it also poses challenges such as inflationary pressures, social unrest, and public dissatisfaction, particularly among low-income households.

Corruption in Nigeria's energy sector, including mismanagement of subsidy funds and diversion of public resources, exacerbates the economic challenges associated with subsidy removal. Corruption undermines governance, transparency, and accountability, eroding public trust in government institutions and hindering socio-economic development.

Subsidy removal policies and corruption have significant economic consequences, impacting fiscal stability, resource allocation efficiency, investment climate, and socio-economic development. While subsidy removal can generate fiscal savings and promote market efficiency, it also leads to higher consumer prices, inflationary pressures, and socio-economic inequalities. Corruption exacerbates these challenges, distorting resource

allocation mechanisms, deterring investment, and undermining public confidence in government institutions.

Subsidy removal and corruption have profound socio-political implications, affecting governance, public trust, social cohesion, and democratic accountability. Subsidy removal policies often trigger protests, strikes, and civil unrest, fueling public dissatisfaction and eroding government legitimacy. Corruption undermines governance and fosters a culture of impunity, weakening democratic institutions and exacerbating social tensions.

Subsidy removal and corruption in Nigeria have significant economic and socio-political consequences, impacting fiscal stability, resource allocation efficiency, investment climate, and governance outcomes. While subsidy removal can generate fiscal savings and promote market efficiency, it also leads to higher consumer prices, inflationary pressures, and socio-economic inequalities.

Corruption exacerbates these challenges, distorting resource allocation mechanisms, deterring investment, and undermining public confidence in government institutions. Addressing the nexus between subsidy removal, corruption, and their implications requires holistic and systemic reforms to promote transparency, accountability, and inclusive growth.

Recommendations

Based on the findings of this study, the study recommends that to address the challenges posed by subsidy removal and corruption in Nigeria, policymakers can consider implementing a combination of policy measures aimed at promoting transparency, accountability, and inclusive growth. The government should enhance anti-corruption legislation and enforcement mechanisms to combat corrupt practices in the energy sector and other areas of government. This includes prosecuting individuals involved in corrupt activities, implementing whistleblower protection programmes, and establishing specialised anti-corruption agencies with adequate resources and independence.

Also, there is the need to invest in economic diversification initiatives to reduce Nigeria's dependence on oil revenues and create alternative sources of income and employment. This includes supporting sectors such as agriculture, manufacturing, and technology through targeted policies and

incentives aimed at stimulating private-sector investment and entrepreneurship.

The government should establish effective monitoring and oversight mechanisms to ensure that subsidy removal policies are implemented transparently and in accordance with established procedures. This includes conducting regular audits of government expenditures, strengthening parliamentary oversight functions, and engaging civil society organisations and the media in monitoring government activities.

Lastly, there is the need to strengthen governance structures and build institutional capacity to promote transparency, accountability, and integrity in the management of public resources. This involves enhancing public procurement processes, strengthening financial management systems, and promoting open government initiatives to increase transparency and citizen participation in decision-making processes.

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