THE STATE AND THE POLITICS OF OIL SUBSIDY REMOVAL IN NIGERIA, 2011-2016

BY

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Ph.D. POLITICAL SCIENCE (POLITICAL ECONOMY AND DEVELOPMENT STUDIES)

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BEING A RESEARCH THESIS PRESENTED TO THE DEPARTMENT OF POLITICAL SCIENCE, FACULTY OF SOCIAL SCIENCES, NASARAWA STATE UNIVERSITY, KEFFI.

IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF DOCTOR OF PHILOSOPHY (Ph.D) POLITICAL SCIENCE (POLITICAL ECONOMY AND DEVELOPMENT STUDIES)

MARCH, 2019

DECLARATION

I hereby declare that this thesis has been written by me and it is a report of my research work. It has not been presented in any previous application for Diploma, Degree, Masters of Science (M.Sc) or Doctor of Philosophy (Ph.D) in any Institution. All quotations are indicated and sources of information specifically acknowledged by means of references.

SHAWAI JOSEPH	**Date**

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CERTIFICATION

This dissertation tItled the state and the politics of oil subsidy removal in nigeria: 2011-2016 meets the regulations governing the award of Doctor of Philosophy (Ph.D), Political Science (Political Economy and Development Studies) of the School of Postgraduate Studies, Nasarawa State University, Keffi, and is approved for its contribution to knowledge

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DEDICATION

This research work is dedicated to God Almighty. To my beloved in-law late Mr Hassan Saidu whom I am indebted to, may his soul rest in perfect peace.

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ABSTRACT

The oil sector is one of the most critical sectors to economic and social development of Nigeria. Adequate oil supply is not only a strategic input for national development but it is undoubtedly the most vital input in transforming the industrial sector for economic growth. Particularly in Nigeria where oil is the dominant source of revenue contributing more than 80% of its revenue and 90% of its foreign exchange income. Even with this contribution of the oil into our national Economy, Nigerians are yet to enjoy the basic necessities of life. Nigeria have witnessed several demonstrations against poor supplies, frequent increase in the pump price of refined petroleum products. In order to alleviate the burden on the Nigerian citizenry, the federal government introduce subsidy, which was to make price of petroleum products cheaper for Nigerians. But, unfortunately the price of the product continues to escalate even with the billions of naira spent on subsidy. It is against this background that this work seeks to interrogate the pattern of politics involved in the removal of oil subsidy in Nigeria and to examine its socio-economic implications. To address this problem therefore, the study adopted a survey research design. The main instrument utilized for eliciting primary and secondary data was the survey questionnaire complimented by interviews. The method of data analysis used was simple percentage. The neo-liberal theory was used as a framework of analysis. The finding revealed that the partial fuel subsidy removal in Nigeria has impacted on socio economic development of Nigerians, mostly in the areas of social welfare funding and also discovered that the pattern of politics involved in the desubsidization of petroleum product was based on personal interest of some personalities involved to achieved their selfish grip. The study therefore recommended that there is a need for federal government to do more in terms of developing other sectors of the economy such as education, transportation, agriculture, health and provision of social amenities to impact much on socio-economic life of Nigerians and more so, government should be determined and look more into the issue of corruption in the oil industry in Nigeria.

CHAPTER ONE

INTRODUCTION

1.8 Background to the Study

The pricing of petroleum products in Nigeria has been a bane to the Nigerian economy because petroleum product prices are fixed and subsidized by the Federal Government (FG). For five decades now, Nigeria's economic policies, growth, and other related activities have been largely influenced by the oil industry. To say that the economy is heavily dependent on the oil industry will amount to an understatement as the oil industry is nothing short of a life-blood for the Nigerian economy (Adelabu, 2012). Available evidence in extent literature shows that Nigeria is the largest in Africa and six largest oil producing country in the world. The country economic strength is derived largely from its oil and gas wealth, which contribute 99 percent of government revenues and 38.8 per cent of GDP (National Budget 2010).

Despite the positive development, successive Nigerian governments have been unable to use the oil wealth to significantly reduce poverty, provide basic social and economic services her citizens need (Ering & Ankpan, 2012). The issue of fuel subsidy removal became a public debate since the civilians took power from the military in 1999. Subsidy is a sum of money granted by the state or a public body to help an industry or business keeps the price of a commodity or service low.

The Centre for Public Policy Alternatives (2011), defines subsidy as "any measure that keeps prices consumers pay for a good or product below market level for consumers or for producers above market". The examples in this regard include but not limited to grants, tax reductions and exemptions or price controls.

The essence of having subsidy in place for products and services is that it has direct positive impact on poverty reduction in the lives of the poor masses who could ill afford high prices in the light of the harsh conditions under which developing countries are reeling under globalization. Many subsidies are made by the government in form of subventions to aid some business, produce essential commodities that would otherwise reduce prices that are patently unaffordable.

The reason behind introduction of fuel subsidy was driven more by political consideration than well pondered economic calculation as it was only to allow Nigerians have cheap fuel, reduced transportation and commodity costs. Fuel subsidy was not an issue when the state-owned Nigerian National Petroleum Corporation (NNPC) was marketing the petroleum products from local refineries at prices on government directives. The first fuel subsidy introduced in 1980s was meant to be a 6 months temporary measure as the refineries were undergoing rehabilitations. The refineries from rehabilitation went into comatose then importation started and persisted till 1999 when former President Obasanjo came in and had to adopt the current fuel subsidy which was sustained by Yar'adua, Jonathan regimes and presently Muhammadu Buhari administration. As usual in Nigeria polity, it was not comprehensively studied nor debated, therefore it lacked sustainability as there was no specific strategy to accommodate future uncertainties or any clearly defined measures to mitigate the inevitable social and economic impacts that will arise from the withdrawal of fuel subsidy when the time comes (Vanguard August 4, 2014).

However, some top government officials and technocrats as well as professional economists argue for the elimination of the subsidies. For instance, following the House of

Representative Committee rejection of President Goodluck Jonathan's proposal in November 2011, the then Minister of Finance, Ngozi Okonjo-Iweala stated that:

> Subsidy does not get to the poor, the middle and upper classes are the beneficiaries. It is clearly unsustainable... Evidence shows that the price of fuel in Nigeria is below both the African and international average... we will be better off using the amount spent on subsidy to target poorer groups and big infrastructure projects... the subsidy causes distortions that result in huge economic costs such as rent-seeking behaviour and smuggling... subsidy is a major fiscal and financial burden on the nation.... Deregulation implies limited intervention by government; it allows for better regulation and transparency, allows for free operation activities in the sector, attracts new investors into the market and increase competition and promotes overall higher productivity: reduces scarcity by ensuring adequate supply of petroleum products; and similar success story to the telecommunication sector (This Day live, December 2, 2011, p.7).

Therefore, in this perspective, we can argue that, deregulation of the downstream oil sector can improved the efficient use of economic resources "ceteris paribus" by subjecting decisions in the sector to the forces of demand and supply like in banking and communications sector. In reality, all the government requires is a policy that can induce NNPC to engage in conscientious revenue transparency among others to achieve accountability and judicious management of the nation's natural resources.

As observed by the former governor of Central Bank of Nigeria Sanusi Lamido Sanusi on deregulation of the downstream sector of the Petroleum Motor Spirit (PMS). During a televised Town Hall meeting organized by the Newspaper Proprietors Association of Nigeria (NPAN) on December 20, 2011 said that:

> Deregulation of the sector is the only means of effecting the wrong of corruption in the business... why because we are borrowing from our children to sustain a lifestyle that favours only the elites and not the poor... this government can continue to pay this subsidy, but it will be catastrophic for the next government if this government does not stop the payment of this type of money on subsidizing fuel... This is so much

> opportunity in the import business for fraud because of rent seekers. I am a proponent of the removal of rent. There is a danger ahead we have to avoid (Newspaper Proprietors Association of Nigeria, December 20, 2011).

However, the proponents of the subsidy believe the subsides are necessary to keep prices of goods and services affordable for the poor and that eliminating the subsidies will result in galloping inflation that will adversely affect the poor. They also claim that the government can afford to maintain if it can get rid of the grand corruption that is associated with the subsidy regime.

In the debate over the fuel subsidies, both proponents and opponents have adopted a "war" approach (Ayoola and salami, 2010) which is based on the assumption that all public issues are political and politics is about power grab. Politicians seeking to gain power try to "manufacture" the consent of the public and decision-makers by presenting their positions as the "common sense" or dominant one. They do so by careful selective and deceptive use of language. This is why the proponents and opponents of the removal of fuel subsidy have always employed polarizing language or expressions to present their case as the "common sense" one while ignoring the "pure economics" of the issue.

Therefore, in most cases around the world, subsidies are rooted in and sustained by politics rather than economics. According to a report prepared for the Global Subsidies Initiatives:

> The failure to reform subsidies fully lies in the failure to appreciate the political economy of subsidy policies. While subsidies are abhorrent to economic analysts and can be a particularly pernicious form of public policy, in most cases subsidies exist because they are rooted in a political logic that is often difficult to alter. The interest groups that demand for subsidies are usually well organized, and the provision of a subsidy usually makes these groups even more aware of their interest in sustaining the subsidy policy. Further, the entities that supply subsidies often find political advantage in providing this costly service... Policies that provide subsidies often help leaders

> achieve that goal (of staying in power) by channelling resources to interest that could affect government survival, such as voting or by donating to their political campaigns... Once a study is created, regardless of its original purpose, interest groups and investments solidify around the existence of the policy and make change difficult (Victor, 2009).

It can be argue that the whole issues of fuel subsidy removal in Nigeria anchored on politics as demonstrated by the proponents and opponents of fuel subsidy in Nigeria, therefore, this thesis examine the politics of oil subsidy removal in Nigeria and its implications on the welfare of Nigerians.

1.9 Statement of the Problem

The oil sector is one of the most critical sectors to economic and social development of Nigeria. Adequate oil supply is not only a strategic input for national development but it is undoubtedly the most vital input in transforming the industrial sector for economic growth. Particularly in Nigeria where oil is the dominant source of revenue contributing more than 80% of its revenue and 90% of its foreign exchange income (Adelabu, 2012).

In the past, government has devoted so much money into the Nigerian oil sector inform of subsidy to ensure low prices of petroleum products to its citizens. This subsidized price is expected to have maximum welfare effect on poor Nigerian.

In spite of this, fifty five percent (55%) of the population are living below the poverty line (Uzoh, 2012). There is lack of infrastructural facilities and the educational system is decayed. The health sector has nothing good to write home about, and standard of living has deteriorated. This discovery of oil which created false wealth has continue to encourage corruption and government borrowing heavily to maintain fuel subsidy in Nigeria.

The petroleum products markets in Nigeria is characterized by inefficiencies, frequent disequilibrium and massive corruption. This subsidy on petroleum products in Nigeria has increased phenomenally from ₦261 billion (US$2.03) in 2006 ₦ 633.2 billion in 2008 and reached ₦2.188 billion ($14.12billion) in 2012 and representing about 6% of the country's GDP, 20% of the gross federation account revenue, 46% of the aggregate expenditure of the federal government (Anyadibe 2013). By implication within a period of nine years, which is between 2006 and 2015 the country spend close to 10 trillion on the fuel subsidies (Vanguard August 4, 2015). Unfortunately, Nigerians cannot boastfully say they have benefited from subsidized petroleum products. To put this in perspective we are talking about almost the budget of the federal government being expended through fraudulent payments to fuel importers. From this perspective, therefore the question to ask is: has the partial fuel subsidy removal in Nigeria impacted on the socio-economic wellbeing of common man in Nigeria? Therefore, this study examines the politics of oil subsidy removal in Nigeria and its implication on the welfare of Nigerians. It is as a result of these pending problems that raised fundamentally issues which formed the basis of our research questions in this study.

1.10 Research Questions

The following research questions are pertinent;

i) What is the impact of fuel subsidy removal on economic development in Nigeria?

ii) What are the patterns of politics involved in the desubsidization of petroleum product in Nigeria?

iii) What are the rationales advanced by the Nigerian state for removing fuel subsidies?

iv) How has fuel subsidy impacted on the citizens?

v) How has fuel subsidy regime enhance corruption in the petroleum industry in Nigeria?

1.11 Objectives of the Study

The aim of this study is to investigate the politics of government policy on subsidy removal to and its implications on the economy. Other objectives are;

i. assess the impact of fuel subsidy removal on economic development in Nigeria
ii. examine the pattern of politics involve in desubsidization of petroleum product in Nigeria?
iii. examine the rationales advanced by the Nigerian state for removing fuel subsidies
iv. assess how fuel subsidy has impacted on Nigeria citizens.
v. to investigate how fuel subsidy regime enhanced corruption in the petroleum industry in Nigeria.

1.12 Research Propositions

i) Fuel subsidy indirectly impact on economic growth and development.

ii) There is significant relationship between politics and removal of fuel subsidy in Nigeria.

iii) There is significant relationship between fuel subsidy implementation and corruption in the oil sector in Nigeria.

iv) There is no clear justification by the federal government for the removal of fuel subsidy in Nigeria.

v) Corruption in the oil downstream sector is as a result of failure of political leadership to rehabilitate the existing refineries in Nigeria.

1.13 Significance of the Study

Several researches have been conducted in the area of subsidy removal in Nigeria. But the justification and significance of this study lies in the fact that this work seek to complement existing works on politics of oil subsidy removal in Nigeria and its socio-economic effects on Nigerians. Oil subsidy and its removal are critical issues which affects the socio-economic lives of citizens in multidimensional ways, there exist considerable lack of what, nature and the way the removal of oil subsidy in Nigeria will impact on other sectors due to the nature of corruption and manipulation of the subsidy by some few cartels in the sector often times, most literature on subsidy look over it with bias mind. As a result the public are misdirected and misinformed; let alone, it impact on society. This study attempts to fill in the gap by exploring or explaining the nature of politics involves in subsidy removal in Nigeria, as well as it effects on the common man in Nigeria.

The outcome of this thesis will benefit the masses, who will be the eventual beneficiaries of all restructuring and re-organization of the deregulation process as a result of the adoption of the findings of this research work. The thesis will also benefit members of academia for it will enriched the existing scholarship with new findings in the area of subsidy removal in the oil sector. This study will enhance policy formulation by exposing the huge amount spent on fuel subsidy with the intension of alleviating the suffering of the masses by government improvement of socio-economy life of Nigerians.

In conclusion, this research work will be of benefit to future scholars, international organization and agencies, non governmental bodies, labour unions, Civil Society Organizations and will enable them focus more directly on activities that are vital for socio-economic upliftment in the country.

1.14 Scope of the Study

The study examines critically the state and politics of fuel subsidy removal between 2011 and 2016. This is because the period of 2011 and 2016 are the most contentious period in the history of fuel subsidy removal in Nigeria.

The geographical scopes of the study are institutions such as Nigeria National Petroleum Corporation (NNPC), Petroleum Product Pricing Regulatory Agency (PPPRA), Nigeria Labour Congress (NLC), and Academic Staff Union of University (ASUU).

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Framework

2.1:1 Concept of Politics

The word politics does not seem to lend itself to any universally accepted definition. Various scholars have conceptualized politics in many dimensions. According to Appadorai (1974), the term politics is derived from the Greek word polis, a ‘city-state’. This definition sees politics from the angle of political organization and the relationships between individuals and the state. Apadorai’s definition of politics is shared by Ayam (2004) who argues that the term “politics” originated from the Greek word “polis” which hinges on the political communities and the debates on matters of public interest. In their own contributions, Kaplan and Lasswell (1950) define politics as “the shaping, distribution and exercise of power”. Lasswell (1936) sees politics as who gets what, when and how. To Dahl (1976) politics encapsulates any form of human interactions that involves, to a great extent, power, rule or authority. Easton (1971) aptly captures the concept as authoritative allocation of values for society. In this context, politics is viewed as an activity in society through which values are delivered and people having higher authority for the distribution of those same values among people who may have different interests and objectives. In other words, political power is necessary to qualify in the distribution of values.

As observed by Onyekpe (2003), politics is directed towards and anchored on the achievement of power. It is not a surprise therefore, that Max Weber (cited in Bentham, 1974) defines politics as striving to share power, or influence its distribution either among states or among groups within a state. Weber’s definition validates the fact that politics involves power struggle which has intra-national, national and international dimensions.

The intimate relationship that exists between politics and power has been illustrated by Nnoli. He argues that:

> Power exists in practically all institutions. It follows the same dynamics. But when we talk about power in politics we talk about state power. Politics is an attempt to be in the highest position possible so as to wield state power. All other forms of power yield to it and are, or can be controlled by it. This explains its attractiveness. Those who are very wealthy and thus expected to be contented must still strive for control of state power because without this control, their wealth may not be secured as state power could be used to take their wealth away (Nnoli, 1986, p.81).

From the above, it can be deduced that state power is a very useful instrument to have and control as access to state power guarantees access to almost everything in life. The volatility usually generated by political activities in comparison with economic, social and cultural activities is an eloquent testimony to the fact that, the usefulness of state power to groups and individuals is widely recognized. According to Nnoli (1986), people scheme, jostle and sometimes kill in a manner that is not seen in the other spheres of life in order to gain political power. This trend of thought is quite different to the position of Plato (1968) who insisted that individuals interested in moderating the affairs of men must be endowed with certain cardinal virtues. These are temperance, fortitude, sense of justice and prudence. Tocqueville the American political scientist had a similar understanding of power. Power to him must seek:

> To bring glory and well being to humanity, power without glory is hollow and without meaning. The glorious nature of power is in the sense that the exercise connotes the positive traits which power must seek to acquire. Power in all its manifestation should be exercised with restraints; power without restraints lead to chaos and disorder (Tocqueville, 1955, p.35).

This negative dimension of power destroys the very essence of humanity by returning man to the state of nature. Whereas when power exhibits a positive trait it brings glory by uplifting humanity to its highest point. This further promotes a communitarian form of living and social interaction among the distinct nationalities that constitute a given state (Ekeocha, 2003).

Sodaro (2001, p.27) sees politics as “the process by which communities pursue collective goals and deal with their conflicts authoritatively by means of government”. Process in this sense means a continuous sequence of events among actors, such as individuals, organizations, and government. It also by implication means the political interaction that takes place generally within the structure of rules, procedures, and institutions rather than haphazardly. A community can be any collective interactions of individuals, from the tinniest village to the world as a whole. This definition also sheds light on the manner in which resources are allocated “authoritatively” as it places central importance on government in political life.

Harris (1979, p.100) argues that politics is “concerned with the management of conflict, the toning down of quarrelsome activities and noise in a regulated order that allows for the continued existence of human beings capable of reaching decisions collectively”. Grazia (1965) sees politics from institutional perspective. “Politics or the political” includes the events that happen around the decision-making centers of government”. However, the way and manner politics is practiced in Nigeria lends credence to the definition of politics, credited to Alexandria Beirce cited in Richard Pius (1986) as strife of interests masquerading as a contest of principles, the conduct of public affairs for private advantage. Little wonder that Ujo (2003) argues that, if questions are posed to people on their views on politics, their answers is likely to be a negative one. That is they are not interested in politics.

He continues thus;

> It is commonplace to hear people making the following statements: "don't play politics with this issue keep politics out of the matter. "He is above politics", "politics has destroyed him". Politics is therefore seen as a bad thing whose stock-in-trade is blackmails, manipulation, double-dealing, violence and assassination (Ujo, 2003, p.1).

The various definitions above presuppose that politics to some extent involves divergence and it revolves around the concept of power, influence and authority which are often used interchangeably. The reason why politics is associated with divergence is not far-fetched; members of a group often disagree at least initially before they agree. This disagreement is premised on scarcity of resources and natural differences in likes and dislikes of men. Limited resources imply prioritization of goals which invariably are to the advantage of some groups and disadvantage to the other groups. To this end, control of these resources, attracts political maneuvering found in any political system, especially resource rich and dependent countries.

In Nigeria, oil and politics are inextricably linked as political leaders; see the control of oil resource as the ultimate control of political power. Consequently, there is intense contestation for political power and by extension, the control of oil resources of the nation (Ikelegbe, 2005), (Obi, 2010). This made issue of oil and politics in Nigeria so disheartening. As observed by Omoweh (2005, p.50), "the new found oil wealth in Nigeria introduced a new dimension into the country's character of politics, particularly the intensification of the fierce struggle to capture and privatize the state at all cost and by all means by the political class". Subsequently, this played out to the detriment of the economy as "roving bandits with the smash and grab mentality" dominated Nigerian political landscape (Lewis, 2010, p.20). End result unfortunately, was poor development planning and where there is one, lack of the political will to faithfully see it through.

2.1:2 Concept of Subsidy

Subsidy on petroleum products has become a household concept in Nigeria. Subsidy is a deliberate government policy aimed at cushioning the effects of high oil prices at the international market by way of bearing the burden of price differentials of landing cost of refined products and the pump price (Oboh, 2014). Subsidy regime in Nigeria are said to be fraught with controversies as the amount of money set aside in the recent past on subsidy payments by government annually amounts to 30 per cent of Nigeria's annual budget. It reached a crescendo in the Nigeria's 2011 and 2015 annual budgets, where subsidy alone amounted to between N1.4 and N1.5 trillion, representing about 30 per cent of the country's total annual budget, a scenario that is not only mind-blowing to a sane mind but capable of crippling the entire economy of the country. The Centre for Public Policy Alternatives (2011, p.1) defines subsidy as "any measure that keeps prices consumers pay for a good or product below market level for consumers or for producers above market". The examples in this regard include but not limited to grants, tax reductions and exemptions or price controls.

Agu (2009, p.286), sees subsidy as a payment made by government to producers of certain goods and services, to enable them produce and sell at lower prices than they would otherwise. Agu was of the view that the policy helps to lower the market prices below the factor costs, so that consumers would have the privilege to pay less for the goods and services than they cost the producer to produce same. In the same vein, Ezeagba (2005), believed that subsidy exists in a situation when consumers of a particular commodity are assisted by the government to pay less than the market price of the commodity in question. On the producers' side, Ezeagba see it as the payment to producers of certain commodities by the government not to produce at all or augment their incomes when the prices of their products are less than break-even point.

As argued by Adebiyi (2011), subsidy means benefit given by the government to individuals or businesses whether in form of cash, tax reduction or by reducing the cost of goods and services. The purpose of subsidy is to help individuals and businesses purchase/ acquire essential goods and services that they may not be able to afford, under normal circumstances. Subsidies take different forms. Some subsidies have a direct impact on price. These include grants, tax reductions and exemptions or price controls. Others affect prices or costs indirectly such as regulations that skew the market in favour of a particular fuel, government sponsored technology or research and development.

Fuel subsidy means that a fraction of the price that consumers are supposed to pay to enjoy the use of petroleum products is paid by government so as to ease the price burden. The Nigerian government removed part of this subsidy claiming that prices paid by Nigerians to use petroleum products are less than what they should pay particularly when benchmarked against the prices in the international market and will provide necessary impetus for the Nigerian economy to find its rhythm (Onyeizugbe & Onwuka, 2012). Put differently, fuel subsidy is a form of price manipulation whereby the government fixes the pump price of fuel for sale to consumers and pays the retailer the difference between the actual market price and the regulated or official price per litre (Iyobhebhe, 2011; Nwafor, Ogujiuba & Asogwa, 2006). However, fuel subsidy is a government programme created to reduce how much Nigerians have to pay for petroleum products, which include: Petroleum Motor Spirit (Petrol), Automotive Gas Oil (Diesel) and Dual Purpose Kerosene (Kerosene), and to protect the citizens from crude oil volatility on the international market. Fuel subsidy is particularly popular in oil producing countries, such as: Venezuela, Iran, Saudi Arabia, Egypt, Burma, Malaysia, Kuwait, China, Taiwan, South Korea, Trinidad and Tobago, and Brunei.

As it can be observed, fuel subsidy removal programs are sensitive to economic structure, level of development of the country, political systems and the state of the economy. There is evidence that the more successful countries have taken a phased or gradual approach, have engaged in conscientious research prior to implementation and followed by a rigorous approach to policy making. That effective communications and a fair level of trust between citizens and government may be the other critical success factors in such an exercise (Centre for Public Policy Alternatives, 2012).

Indeed, subsidies enjoy widespread use in several countries and several commodities such as petroleum products, food or farm inputs liker fertilizer and machinery. Prices are regulated in Canada, Ghana and South Africa. In many OPEC countries, the pricing of crude is different from crude in the international market which explains the relatively lower prices of petroleum product in OPEC countries. Though, a subsidy can be a very powerful policy tool that can be used to address market failures or achieve social objectives. It may also be an artificial tool to skew markets and this can impose large economic costs with huge negative externalities such as corruption. Since government is the primary provider of subsidies, it is expedient that policy makers should be well equipped to decide whether, where and when to provide subsidies. It is equally important that any such subsidy injection should adequately recognize the costs to the economy of distorting competition when assessing subsidies and to identify where, if possible, such costs may be minimized.

In the Nigerian context, fuel subsidy means to sell petrol below the cost of importation. It is a mechanism designed by the government to keep the price consumers pay for products below market levels to specifically make targeted goods and services affordable to consumers who ordinarily may not be able to afford them. Subsidies could benefit people and businesses in the form of tax deductions, grants, exemptions or price control. In Nigeria, fuel subsidy as designed in the Petroleum Product Pricing Regulatory Agency (PPPRA, 2012) template is the compensation due to importers of petroleum products based on the difference between landing cost less ex-depot price of fuel. This is to ensure that consumers pay a regulated amount of petroleum products at the same time, ensuring that producers get their real costs remunerated. It is a scheme meant to alleviate poverty by providing energy security for the country. Subsidies affect prices or costs indirectly, such as regulations that tilt the market in favour of a specific fuel, government funded technology or research and development (Adebiyi, 2011).

In some parts of countries, the pricing of petroleum products is regulated for many reasons (The petroleum industry is not a competitive one but oligopolistic and the importance of the products/impact on the poor). Prices are regulated in Canada, Ghana and South Africa. In many OPEC countries, the pricing of crude is different from crude in the international market which explains the relatively lower prices of petroleum product in OPEC countries. Indeed, Independent Petroleum Marketers Association of Nigeria has formally declared that its members could not sell PMS at the official price of N97 because they buy from independent tank farms at N105 per litre (Vanguard, 2013).

Oil subsidy is particularly popular in oil producing countries like Iran, Venezuela, China, Saudi Arabia, India, Indonesia, Egypt and Ukraine, (Nwachukwu and Chike, 2011).

Oil subsidy removal programs are sensitive to economic structure, level of development of the country, political systems and the state of the economy. There is evidence that the more successful countries have taken a phased or gradual approach, have engaged in conscientious research prior to implementation and followed by a rigorous approach to policy making (Majekodunmi, 2013). That effective communications and a fair level of trust between citizens and governments may be the other critical success factors in such an exercise. It has been shown in the past that any significant increase in the fuel price often cause economic recession, such as witnessed in 1973 and 1979. One way in which the government had made fuel sufficiently available and affordable to the low –income earner is through subsidy. The introduction of subsidy indirectly promote economic growth and development as a result of the affordability of the price of goods which provides an enabling point for the middle class citizen to contribute significantly to the economy. Lesson from China shows how subsidy had contributed significantly to economic growth and development. The success could be attributed to the affordability of energy and hence an increase in its demand.

Ekine & Okidim (2013) investigated that the consumption-related fossil-fuel subsidies have exceeded 2 percent of GDP for many countries, particularly the developing countries with low GDP per capita. Some of these countries are Bangladesh (3.0% of GDP), Ecuador (8.7% of GDP), Turkmenistan (15.2% of GDP in 2012), Egypt (8.4% of GDP), and Ukraine (3.3% of GDP). The study also revealed that expenditures on subsidisation in some of these countries are larger than expenditures on their health and/or public education.

While the above facts proved convincing, the nature and behaviour of Nigerian ruling elites and class does not give room for any optimism regarding the decision to remove subsidy on fuel. For instance, United Nations Environment Programme (UNEP, 2008) argued that there are so many inconsistent and non-transparent activities prevailing in Nigeria on the issue of petroleum subsidy. He stated that the Executive director of Petroleum Product Pricing Regulatory Agency in Nigeria (PPPRA) estimated that the gross amount spent on fuel subsidy from 2006 to September 2011 stood at N3.655 trillion which contradicted that of NNPC. The list of over one hundred beneficiaries also showed that some of them do not qualify while some are even construction companies. It was also discovered that some of the companies did not import the quantities they claim to import. All these and many other issues generate lack of confidence in the mind of Nigerian citizens.

With an estimated 37.2 billion barrels of proven oil reserves (IMF, 2013), Nigeria is one of the world’s largest oil producers. However, the country’s mineral riches have not resulted in a significant improvement in the quality of life for the majority of Nigeria’s citizens, 54 percent of whom live below the national poverty line. In 2010, Nigeria earned $59 billion from oil exports (Nwachukwu & Chike, 2011). Therefore, Nigeria does not lack the resources to reach its development goals, rather its resources have been utilized inefficiently.

In the wake of the global financial crisis and increasing sovereign debt risk, financing for development is drying up and developing countries must now look inward to finance their growth and development needs. Crisis times require bold reforms and President Muhammadu Buhari of Nigeria has the ability to take on one of the most difficult problems in his country. But in order to succeed, he will also have to take on another challenge – transparency in the use of fuel subsidy funds. The government must utilize these resources more efficiently to create social welfare and infrastructure improvement programs that will not only improve the quality of life for Nigeria's poorest but also put the country on track to meet its development goals. It therefore connotes that subsidy removal though will play significant role in nation building it is not the absolute resort to improve the economy. While it looks significantly important, there are other measures that could be adopted even without subsidy removal which would improve the economy significantly. And the presence of subsidy will play a pivotal role to the accomplishment of this measure as is being witnessed in china. The removal of government benefit to the people in the form of subsidy will have a negative impact on the low to middle income earners. The middle income earners have been identified as the group of people in the nation, whose activities mostly drive economic growth and development. The high cost of commodities following the removal of subsidy will constitute an impediment to the good plan of the government associated with subsidy removal.

Successful Nigerian governments have continually removed part of this subsidy claiming that prices paid by Nigerians to use petroleum products are less than what they should pay particularly when benchmarked against the prices in the international market and will provide necessary impetus for the Nigerian economy to find its rhythm (Onyeizugbe & Onwuka, 2012). This is further reiterated by Plante, (2013), while noting that subsidies especially on petroleum products are an important policy issue for many developing and emerging market economies because of the steep costs they impose on the governments that provide them.

Deregulation in economics means the reduction or removal of government control in a particular sector or industry so as to create more and better competition within that industry. It is the elimination of government interference in the running of a system (Akinwumi & Agwaranze, 2005). This means that the market forces are allowed to determine the swings of operations rather than the state. Deregulation does not allow for restrictions in enterprises and services. One highly conflicting issue in Nigeria is perhaps the question of petroleum industry deregulation, which has been generating debates from its protagonists and antagonists. The protagonists postulate that the liberalization of the petroleum downstream sector would finally actualize the objective of ending persistent fuel scarcity and maintaining sustainable fuel supply across the society. Also, liberalization and deregulation of the sector would open it up for foreign investments, and, the cases of petroleum products smuggling and inefficiencies in the sector will be greatly mitigated. By the deregulation of the sector, the government would be able to channel funds to other sectors of the economy. The antagonists oppose the total deregulation and liberalization of the petroleum sector for whatever reason but can only be partially reformed for efficiency purposes. As such, the overall national interest will be achieved, (Obayi, Eme & Eme, 2012).

Kemp (2011) argued that petroleum product should be priced to reflect its full values to the economy (that is market price), the nation should obtain benefit from production through tax revenues and assists the poor consumers through direct financial assistance schemes. An empirical analysis was conducted by Majekodunmi (2013) to ascertain whether fuel subsidy is a fact or fallacy, and they concluded that fuel subsidy is a fact and that government should control the level of oil subsidy prevailing in the country. Kojima and Bacon (2011) argued that subsidizing fuels has high costs. More so, universal price subsidies always favour high income households more than the poor, because richer households consume more energy. The undesirable consequences include rampant abuses in fuel markets and an inefficient downstream petroleum sector languishing for need of reform. Subsidies only give the consumers financial incentives to over consume the subsidised commodity which leads to deadweight loss. Also, Nwaoga and Casmir (2013) concluded, after reviewing some the experiences of some developing countries, that fuel price subsidies though help the poor but place a large cost on the society and governments. They therefore advise the governments to move away from fuel subsidies as rapidly as possible and substitute them with targeted aids to the poor. An efficient ways to identify the targeted beneficiaries and deliver such aids to them should be given an utmost priority. Coady, El-Said, Gillingham, Kpodar, Medas, and Newhouse (2006) studied the impact of subsidy phase out in oil exporting developing countries specifically Algeria, Iran and Nigeria. They confirmed that fuel subsidies bring about excessive demand and supply by the consumers and the producers respectively which lead to wastages. The outcomes of their investigations showed that policy geared at more rational use of energy lead to energy-efficiency. This, according to them, will enable these countries to save enough oil to meet future increases in demand while maintaining stable production capacity which would enhance their economic development. According to World Energy Outlook (2013), the annual level of fossil-fuel consumption subsidies fluctuates with changes in international prices, domestic pricing policies, exchange rates and demand. Iran was identified as the country with the highest subsidies in 2008 which stood at $101 billion and the value was around a third of the country's annual central budget. This has placed a major burden on the economy that is forcing reliance on imports of refined products.

In Nigeria, there are consumer subsidies for three energy products: gasoline (Premium Motor Spirit), Household kerosene and Electricity. Igbuzor (2013) noted in 2010, PMS subsidy cost was $673 billion but in 2011, it was $2.17 billion. Similarly, in 2009, a directive from the President to NNPC to discontinue subsidy was ignored. NNPC claimed N310 billion.

Fuel subsidies are visibly undesirable for a number of reasons (Onyeizugbe and Onwuka, 2012). Subsidies displace higher priority public expenditure, dilute motivations for increasing energy efficiency, encourage domestic shortages due to cross-border smuggling, are economically expensive, and more beneficial to higher income individuals. However, any attempt to reduce subsidies is of serious political contentions. The Federal Government experienced this in Nigeria in 2012 when the general public protested against the purported removal of fuel subsidies. This is because the public does not have trust in government's use of budget savings to the benefit of the masses. Bola Tinubu, a leader of APC, had on January 10, 2012, accused the Goodluck Jonathan's presidency of shirking its social contract with the people by suddenly removing fuel subsidy. He went on to opine "if subsidy must be removed at all, it must never be at one fell swoop. Rather it must be on calibrated phrases, on which the promised gains are measured and confirmed before moving to the next phase of removal".

In Bola Tinubu's argument against subsidy removal in 2012, he said; "First government needs to clean up and throw away the salad of corruption in the NNPC, Nigerian National Petroleum Corporation. Then, proceed to lay the foundation for a mass transit system in the railways and road network with long term bonds and," he added, "fully develop the energy sector towards revitalising Nigeria's economy and easing the burden any subsidy removal may have on the people." One wonders whether these conditions have been met before the present government, in which he is a key player, decided to remove the subsidy. According to Obasi (2003), 95% of Nigeria's foreign exchange earnings are accounted by petroleum products. To bolster the effect of underdevelopment and poverty, the government has long been subsidizing the pump prices of petroleum products, such as petrol, kerosene, and diesel. However, following the global economic slump in most countries, the amount paid by the government to subsidize goods and services were gradually reduced to prevent more severe situations. In order to prevent the total failure of the economy, the Federal Government decided to subsidize oil.

Hui-Siang et al., (2011) examined the relationship between domestic petrol price and the 10 principal economic sectors in Malaysia, using quarterly data for the period 1990-2007. The research employed a vector error correction model. Out of the 10 sectors, only the agriculture sector, trade sector and services sectors had a co-movement with fuel prices. Secondly, the significant coefficient for error correction term (ECT) in the sectoral equations showed that beyond the short run, fuel price remained the principal variable for these three economic sectors. Thirdly, unidirectional causality running from mining sector to fuel price was discovered via the standard Granger causality test. Finally, employing the generalized variance decomposition (GVDCs) test, it was established that some of these sectors over longer period are influenced by the fuel price.

Ehinomen and Adeleke (2012) assessed the distribution of petroleum products in Nigeria, between the periods 1960-2007. To them, the distribution of such products in the country is burdened with complex problems, which sometimes lead to petroleum products outages, hiked prices of products and conflicts on the pump price of products. To them, the downstream activities of the oil industry should be completely deregulated to allow private sector and entrepreneurs' full participation in the distribution of the products so as to drive effectiveness in the sector. As effectiveness is enhanced, operational cost will be cut down with a resultant reduction in the price of petroleum products that will be beneficial to all stakeholders in the industry.

2.1:3 Concept of Deregulation

Deregulation is an act by which the government regulation of a particular industry is reduced or eliminated in order to create or foster a more efficient market place. This is enacted to weaken government influence and force greater competition. This can also be said as a removal or relaxation of government regulation of economic activities. In a popular parlance, to regulate means to do away with the regulations concerning financial markets and trades (Ugo, 2011). Deregulation is sometimes used interchangeably with liberalization which has been defined as follows by the British Council Programme and sector that promotes policy and institutional change designed to free internal and external markets for goods and services, improving efficient operations of markets, correcting markets, distortion, restructuring enterprise and institutions in public sector, and strengthening public revenue and expenditure planning and management (http://www. britishcouncil.org/government/ectin/ liberal.htm,1999).

Deregulation implies the absence of control or regulation of the prices of petroleum products of government leaving the determination of prices to the interaction of forces of demand and supply which also rule out subsidy and encourage competition, efficiency and increase output in the petroleum industries (Umoru, 2001). Deregulation pre-supposes market forces as the determinant of prices rather than a decision to fix price by administrative fiat. It is the process of freeing federal government of its concurrent control and involvement in the business of refining, importation, and distribution of refined petroleum products in the Nigerian market.

Moreso, to deregulate implies to do away with the regulations concerning financial markets and trades. Ernest and Young (1988) posit that deregulation and privatization are elements of economic reform programmes charged with the ultimate goal of improving the overall economy through properly spelt out ways. For example, freeing government from the bondage of continuous financing of extensive projects which are best suited for private investment by the sale of such enterprises; encouraging efficiency and effectiveness in resources utilization; reducing government borrowing while raising revenue; promoting healthy market competition in a free market environment; improving returns from investment and broadening enterprises share ownership thus engendering capital market development (Izibili and Aiya, 2007, p.228).

Deregulation in the economic sense means freedom from government control. Akinwumi et al (2005) asserts that deregulation is the removal of government interference in the running of a system. This signifies that government rules and regulations governing the operations of the system are relaxed or held constant in order for the system to decide its own optimum level through the forces of supply and demand (Ajayi and Ekundayo, 2008, p.212).

Deregulation allows enterprises and services to be restricted as little as possible. For our purpose, deregulation means either the partial or total withdrawal of government controls in the allocation and production of goods and services. Deregulation in the downstream sector of the petroleum industry typifies government's deliberate efforts at the removal of regulatory controls in the management of refining, importation, marketing, sales and distribution of petroleum products in Nigeria. Monday (2013) posit that deregulation and privatization are elements of economic reforms programmes charged with the ultimate goal of improving the overall economy through properly spelt out ways. For instance, freeing government from the bondage of continuous financing of extensive projects which are best private investments by the sale of such enterprise, encouraging efficiency and effectiveness in resources utilization, reducing government borrowing while raising revenue, improving returns from investment and broadening enterprise share ownership.

Ekpe (2002), observed that deregulation is the removal of government interference on the running of a system this means that government rules and regulations governing the operations of the system are relaxed or held constant in order for the system to decide its own optimum level through the forces of supply and demand. According to Elekwa (2004), it is a way of liberating the economy, removing impediments to trade, the movement of goods and services thereby allowing for the interplay of the forces of demand and supply in the determination of the prices of commodity.

According to Bankole (2012) deregulation entails the following elements privatization, removal of price control, to a large extent elimination of barrier to participate in all aspects of production, supply and distribution of goods and service by private business men. He believes that a regulated market can lead to shortage in supply which will give rise to hoarding and the existence of black market in the economy. Deregulation aims at "promoting competition in areas previously considered to be natural monopoly of an individual, group of people or government enterprises" (Monday, 2013, p.1). There are two phases of deregulation: partial deregulation and full deregulation. While the former reiterates less government regulation with a view to increasing efficiency in the distribution process and protect the consumers' rights, the latter entails an outright removal of statutory controls on oil price settings (Monday, 2013).

Deregulation in the downstream sector involves removal of governmental controls in the business of refining, importation, sales, marketing and distribution of petroleum products. In a similar vein, deregulation in the downstream sector of the petroleum industry in Nigeria presupposes deliberate government processes, actions and inactions of removing or reducing state regulations in the refining, importation, sales, marketing, and distribution of petroleum products in Nigeria. Deregulation epitomises "the undoing and repeal of governmental regulations of the economy" (https://en.wikipedia.org). It means to allow for free and efficient market forces (demand and supply) determine the prices of petroleum products. Deregulation connotes "removing barriers to competition" (www.economicshelp.org). Some other views conceive deregulation in the context of "revision, reduction, or elimination of laws and regulations that hinder free competition of supply of goods and services" (www.businessdictionary.com). Furthermore, deregulation conceptualises the reduction or elimination of government power in a particular industry, usually enacted to create more competition with the industry (Anyadike, 2013, p.13).

It is pertinent to state what the downstream sector entails in the petroleum industry in Nigeria. Basically, there are two main sectors in the petroleum industry: the upstream and the downstream. While the upstream sector deals with exploration and production activities of crude oil and gas, the downstream borders on the activities of refining, distribution, and marketing of crude oil local consumption (Nkogbu & Okorodudu, 2015, p.35). The commonly consumed products of the downstream sector in Nigeria include: gasoline or petrol, kerosene, diesel oil, fuel oils, lubricants, asphalt, natural gas, liquefied natural gas, petroleum gas and so many other petro-chemicals. All these fall under the downstream sector of the petroleum industry in Nigeria. Therefore, the deregulation policy in the downstream sector of the petroleum industry in Nigeria entails a completely free market economy leading to the refining, importation, sales, marketing and distribution of petroleum products widely consumed in the country such as petrol, kerosene and diesel among others.

Deregulation in Nigeria is usually bastardised by economic saboteurs. A test case is the deregulation of the foreign exchange in Nigeria in 1986 during the Structural Adjustment Programme (SAP). That singular deregulation which was poorly implemented destroyed the economy because it brought in economic tribalism which was the worst type of economy. The Nigerian economy has never been the same since then, as such the confidence of the people has been eroded (Eyiuche, 2012).

2.2 Empirical Review/Review of Previous Studies

2.2.1 Historical Overview of the Nigeria Petroleum Sector

The advent of the oil industry in Nigeria can be traced back to 1908, when a Germany entity, the Nigerian Bitrumen Corporation, commenced exploration activities in the Araromi area presently in Ondo State. These pioneering efforts ended abruptly with the outbreak of the First World War in 1914.

Oil prospecting efforts resumed in 1937, when Shell D'Arcy (the forerunner of Shell Petroleum Development Company of Nigeria) was awarded the sole concessionary rights covering the whole territory of Nigeria. Their activities were also interrupted by the Second World War, but resumed 1947. Concerted efforts after several years and an investment of over N30 million, led to the first commercial discovery in large quantity in 1956 at Oloibiri in the Niger Delta. This discovery, opened up the oil industry in 1961, bringing in Mobile, Agip, Safrap (now EIF), Tenneco and Amoseas (Texaco and Chevron respectively) to join the exploitation efforts both in the Oushore and areas of Nigeria.

This development was enhanced by the extension of the concessionary rights previously a monopoly of Sell, to the new comers. The objective of the government in doing this, was to pace of exploitation and production of petroleum. Even now more companies, both foreign and indigenous have won concessionary rights and are producing. Actual oil production and export from the Oloibiri Field in present day Bayelsa State commenced in 1958 with initial oil per day. Subsequently, the oils scene, the production rose to 2.0 million barrels per day in 1972 and a peaking at 2.4 million barrels per day in 1979. Nigeria thereafter, attained the status of a major oil producer, ranking 7th in the 1972, and has since grown to become the sixth largest oil producing country in the world (http://www.britishcouncil.org/governemnt/ ectin/liberal.htm, 2011).

It is instructive to remark that despite Nigeria been the largest producer of crude oil in Africa and sixth in the world, she is faced with petroleum crises. These crises have been cause by several factors. The plausible determinants are attributed to the vastly expanded energy consumption, irregular maintenance of the refineries which often result to total breakdown, large scale smuggling of petroleum products to neighboring countries enhanced corrupt government officials and the role played by saboteurs behind the constant vandalization of pipelines due to the divide and rule strategy used by both government and oil firms to avoid payment of legitimate claims by oil communities and the incessant strikes by oil workers, mainly those under the aegis of National Union of Petroleum and Natural Gas Workers (NUPENG) and the petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN).

The above outlined factors which have fuelled of petroleum products crises in Nigeria, clearly contribute to the shortage of supplies of Petroleum products which invariably results in massive importation of lessen the suffering of the population. Chronic fuel shortages erupt in the country with the fuel hike also came the official announcement of the era of the deregulation of the marketing industry (Adadu et al 2014).

Nigerians tend to be in favour of regulation as a way of curbing the excess of petroleum marketers. According to (Oluleye, 2005) the main factors that affect the demand for regulation are consumer surplus per buyer, number of buyers, producers surplus and number of firms. The larger the consumer surplus per buyer that results from regulation, the greater is the demand for regulation by buyers. Also, as the number of buyers increase, so does the demand for regulation. It is as a result of the above instance that the Federal government committed on the review of the petroleum products supply and distribution recommended the establishment of the petroleum products pricing and regulatory agency. Its (established) Act 2003 was enacted by National Assembly.

2.2.2 Evaluation of the Downstream Petroleum Deregulation Policy

The Nigerian oil industry is separated into two sectors; the upstream sector and downstream sector. The upstream sector deals with exploration and production, while the downstream sector deals with refining and distribution of crude oil for domestic consumption (Ahmed, 2011).

This evaluation focuses on the downstream sector and issues relating to its deregulation. Hence, the term "evaluation" according to the (Oxford Advanced Learners Dictionary, 2005) means to examine or judge something, to consider something in order to judge its values, quality, importance or condition. Deregulation according to (Bankole, 2001) entails the following elements; privatisation, removal of price control, to a large extent elimination of barriers to participation in all aspects of production, supply and distribution of petroleum product. In this study, evaluation of the downstream deregulation policy becomes inevitably due to the despicable performance of our refineries.

Nigerian downstream sector is managed by the government through the Nigerian National Petroleum Corporation (NNPC) which was given the obligations in refining, petrochemicals and product transportation as well as marketing. Oil refining in Nigeria dated back to 1965 when the first refinery was built. It is now obviously, that the country has four refineries with total capacity of 445,000bpd but operates below its optimal capacities. The supply of petroleum products and management of pipeline outlets is done by the Petroleum Products and Marketing Company, (PPMC). The bulk customers otherwise known as dealers supply the products to millions of customers throughout the country. These products include Petroleum Motor Spirit (PMS), Gasoline Automatic (AGO), Household Kerosene (HHK) Fuel Jet and Liquefied Gas (LPG) (PPMC, 2010).

In the 1990s, due to the increase in demand for oil products, which outweighed its supply, it became necessary for Nigerian National Petroleum Corporation (NNPC) to import heavily from abroad to meet the escalating demand, and as a result, the revenue generated from crude oil export had to be used to import refined products into the country, (Ahmed, 2011). As at 2011, Nigeria imports 85% of refined petroleum products. This has exposed the country to difficulties in funding subsidies on refined petroleum products, the country had to borrow from international financial institutions to maintain this subsidy and also spent more to service the debts. Consequently, the country entered a difficult situation where meeting the major budget needs of the government became difficult, considering the fact that international oil prices were increasing and the real refined production in the country was dropping, the government decided that it could no longer afford the continued subsidies in the pump price of petrol because it was purchasing refined products at huge international price only to sell at a heavily subsidized rate (Ayankoka, 2012). The author depends mostly on secondary source without relying on primary source which could have give us more details on how many barrels of fuel did Nigeria import per day and the amount of money spent on subsidy.

As of march 2018 when the international benchmark for fuel price Brent, traded around \$66 per barrel, the Eomp of petrol according to data obtained from the petroleum pricing regulatory agency. Was around ₦189 per liter, while presently one litre of petroleum motor spirit (PMS) is regulated at ₦145 per liter. Therefore for every liter of premium motor spirit government pays the difference of around ₦40 which means that Nigeria government spent around ₦2.4 billion (US\$2.2) per day on subsidy at present (This day News 26, March 2018). Therefore, government claims that despite the huge amount spent the subsidies did not reach the targeted individuals but rather few higher income group, it further claim that continuation of subsidies on petroleum products limits its ability to deliver its statutory functions such as power generation, security, education, health etc. The government found it imperative to deregulate and invite other local marketers to apply for licenses to build private refineries. This was not achieved because the marketers who are profit motivated declined their interest to apply as the government still regulate pump price.

The Government of Dr Goodluck Jonathan in January 2012 and Muhammadu Buhari 2016 consider it necessary to deregulate and privatized the downstream sub – sector in the country. However, the deregulation process faces serious challenges and critism especially from labour and trade unions, parliamentarians and the public which was most obvious with the 2012 protest of fuel subsidy removal or deregulation process of the past administration.

2.2.2.1 Benefits of the Deregulation of the Downstream Sub-sector

Since 1999, the Nigeria government decided to emulate developed and developing oil producing nations by deregulating the downstream sector of her petroleum industry which, hitherto, was monopolized by the Nigerian National Petroleum Corporation (NNPC) like every policy measure; deregulation will not be without costs. A cost – benefit analysis always forms sound basis for adopting a particular policy, and it is believed in this case, that the benefits of deregulation outweigh the cost (Kwaye, 2005), note that the most obvious cost of deregulation is potential to have a shape price increases from transportation of food, to a lot of other items and services. He maintained that this chain of price increases is inevitable since, in economics everything affect everything else, however remotely and oil of course, a unique commodity and its effect are expected to cause a onetime jump in overall inflation, which needs not become perpetuating if it not accommodating, say through monetization of budget deficits and large wage awards. In other words, once fiscal and monetary discipline and associated exchange rates stability remain in place, inflation should return to the original declining path quickly, Kwaye concludes. (Feblowititz, 2000).Feels it is true from the consumer's perspective that the benefits of deregulation may not be intuitively obvious, especially with the hassle factor of making sense of various offers and the confusion of meeting the challenges of price increases on commodities and services in the immediate term. Ramsey & Heskett (2002) believe in the long – term advantages of deregulation and it is worth the attendant short – term disruptions and consumer confusion.

The negative perceptions of Nigerian public that arose from the sensitization campaigns to deregulate the downstream sector which were registered through protest and strike by labour unions were resisted by the government. The government on the other hand, defended her position by pointing to the successes of to other countries as USA, Germany, Mexico, etc. who run a deregulated downstream sector as her models an adhering to the policy. In the campaign aired on the television and the print media, (Barkindo, 2010) stress that the benefits of deregulation are enormous, it is meant to eradicate huge revenue spent as subsidy, he opined that between 2006 and 2009 about N2.5 trillion has been spent. He further stated the following benefits among others as being enjoyed from the deregulation policy.

1. Products are now available all over the country and no one needs to queue for days at filling stations waiting for non – existent products.
2. Motorists no longer hoard fuel in their homes or jerry cans of fuel when travelling; this has eliminated the fuel – induced accidents and fire that claimed thousands of lives in the regulated economy.
3. Marketers are now investing in new facilities such as storage tanks, retail outlets, trucks, the railway rolling stock, etc.

4. There is now competition among the marketers who now treat the consumer as king.

5. The marketers, who in the past depended on NNPC for all products, now import their own; some are planning to build refineries in Nigeria.

6. Jobs have been created in the sector, for example, NNPC is now confident enough to build its own retail outlets (Mega Stations) and has already built and is operating one each in all states of the federation.

7. Apart from new investment in new facilities, old ones are being expanded because of increase in activities.

8. Investment in the downstream sector is now more attractive to the international and local business communities as evidences by the interests express in the refineries privatization programme.

   However, the above benefits appear to be experienced in the short and mid – term.(Kwaye, 2005) points to the long term advantages as did (Ramsey & Heskett, 2002). He indicated the following benefits as the flip side of the costs of subsidization in regulated downstream.

1. Deregulation free resources for government to spend on productive ventures and social sectors, in education and health.

2. A market price will encourage efficiency in the use of petroleum products, which would reduce traffic congestion, and loss of productive time, this will save the country money in terms of reducing oil import.

3. Removing the subsidy will reduce the incentive to smuggle as the domestic price approaches those in neighbouring countries. This will save the country foreign

exchange, which would have been used to replace the smuggled portion, and also allow government to realize the full complement output would have been lost to smugglers.

4. Fundamentally, deregulation will depoliticize petroleum pricing and eliminate the speculation, rent seeking and other practices usually associated with government announced price increases.

Automatic pricing would allow the benefits of cost reductions, through world oil price fall passed on to consumers. Others commentators acknowledge the benefits of deregulation from different perspectives for example.

(Luba, 2000) observes that the deregulation of the energy sector in the United State was forth with hindsight as the policy markers, by their rulers suggest that they lost the fundamental purpose of deregulation. As a result a few big companies that figured out how to gain the rules profited enormously, while everyone else suffers. This view appears to be the case with the Nigerian downstream because the major marketers who have capacity and a good network of marketing outlets are benefiting from the policy far above their counter parts, the independent marketers. (Ihenacho, 2009) holds that deregulation make it possible to recover the full amount of the projected subsidy per annum which would now be spent on life improvement projects for the Nigerian masses.

Deregulation would also remove the current incentive which exists for people smuggling our oil elsewhere. Removal of the smuggling incentive would greatly improve local product availability and this would in turn, exerts a downwards pressure on product prices within the economy.

2.2.2.2 Challenges of the Deregulation of the Downstream Sub- sector in Nigeria

The nation's downstream sub-section of the oil industry comprises activities relating to the distribution and marketing of petroleum products and derivatives throughout the country. The sub-sector is particularly volatile in recent times due to government's policy on deregulation of the industry, which has removed price control mechanisms that have undermined the growth of the sub- sector in previous years (Ezigbo, 2003). The sub-sector has also been constrained by the unenviable state of the nation's refineries, which have been producing at minimal capacities in the past few years, despite huge expenses incurred on turnaround-maintenance of the crisis-ridden refineries. This development has led to massive importation of petroleum products to fill demand gaps that exist in domestic consumption. However, the huge cost associated with importation of petroleum products is a major reason for government emergent deregulation and the hike in prices of petroleum products from 26 to 57 % at the end of 2015. The government has also signified its intention to relinquish its holding in the nation's refineries and make its percentage holding available to the private investors. This is expected to complement it efforts toward complete deregulation of Nigeria's oil industry. The downstream sector of Nigeria's petroleum industry is at once volatile but laden with economic opportunities. The sector is characterized by supply uncertainty, fueled by the mismanagement of the nation's refineries endemic corruption, lack of transparency, direct government interference and bureaucratic processes (Aigbedion, 2004). Despite the nation's huge endowment of crude oil and gas, and the extensive infrastructures available in the sector for distribution and marketing of petroleum products, the downstream sector has been hit by increase instability, hallmarked by a dearth of product to supply. Particularly, this problem became noticeable in the late ten years. This has led to massive importation of petroleum products by government and major oil marketers in Nigeria. Until recently, the sector was heavily regulated, with government maintaining a monopoly of supply of petroleum products. However, in line with the nation's economic reform agenda, which was launched in the 1980 and 1990s, policy makers have embarked on a regime of deregulation of the sector, allowing private stakeholders to complement the government efforts in developing the industry. Poor maintenance of Nigeria three refineries located in Warri, Port Harcourt and Kaduna with a combined installed capacity of 445,000 bpd, led to a drastic fall production level to 15 % of the total installed capacity in 2004(Braide, 2005).

The sudden closure of the Kaduna and Warri refineries during this period (to allow for the turn - around maintenance (TAM) contributed to the decrease in production (Ibiyemi, 2004). During this period, sharp practices thrived in the industry with independent marketers arbitrarily hiking prices beyond approved rates, also, product adulteration, diversion, bunkering, and other illegal acts was very common. Indeed, official prices rose sharply from 26 to 75 (naira) per liter between 2002 and 2007and presently 145 naira per litre. The incessant instability of the downstream sector inspired a radical policy shift on the part of the federal government. Consequently, in 2003 the Petroleum Products Pricing Regulatory Agency (PPRA) announced a programme of deregulation for the sector. This programme aimed at stimulating adequate supply of petroleum products, fostering appropriate pricing mechanisms and eliminating sharp practices in the industry. The policy framework discontinued government monopoly on the importation of petroleum products, thereby opening the investment field for private investor and stakeholders in the industry to source their products within and outside Nigeria. Despite this, the Government's programme of deregulation of the sector later assumed a controversial dimension. In view of the price increases affected on petroleum products for example, the price of premium motor spirit (PMS) was increased from 26.00 to 43.00 (Naira) in 2003. The major defect of this policy shift allows independent marketers to determine prices of petroleum products in line with their cost of supplies. This development generated a deep concern, particularly in the ranks /of organized labour, which saw the policy shift as capitulation of government to the demands of oil marketers against the interest of consumers. Despite robust opposition to government's deregulation of the Nigeria downstream sector, the reform agenda has continued unabated. As a result, the nation's refineries are being offered to investor, while a number of private refineries are being approved to commence business in Nigeria. Moreover, industry analysts have arrived at a consensus that allowing private investors to own and operate refineries in Nigeria's oil industry would revolutionize the sector and erasing government monopoly on the refineries. There is also a widespread agreement that deregulation of the industry, in the long run will foster price stability and generate a regular supply of petroleum products.

This trend should usher in a new dawn in the downstream sector and generate growth, prosperity and sustainable development in the nation's most strategic industry.

2.2.3 Regulation Policy and Revenue Generation in the Downstream Sector of oil in Nigeria

As earlier noted, due to government regulation of the downstream sector a lot of companies does not want to invest in a regulated environment. In the downstream oil sector, the products consist of premium motor spirit (petrol), Automotive Gas Oil (Diesel) and Dual Purpose Kerosene (Kerosene). These products are supplied from two major sources: through the local refineries and importation. The primary aim of developing refineries in Nigeria was to refine crude oil produced within the country to meet local demand and possibly to export the excess, if any. To achieve this purpose, four refineries were constructed and commissioned between 1971 and 1989. Hereunder, is the breakdown of installed capacities of the refineries.

Table 1: Processing Capacity of Nigeria's Oil Refineries

S/N	**Refinery**	**Date**	**Commissioned Processing Capacity (BPD)**
1	Port Harcourt (Eleme	1971	60,000
2	Warri	1979	110,000
3	Kaduna	1980	125,000
4	Port Harcourt 11	1985	150,000
	Total		**445,000**

Source: Nigerian National Petroleum Corporation (NNPC), 2000.

It was expected that with the total refining capacity of the four refineries at 4445,000 barrels per day, the issue of fuel scarcity in the country, would have been a thing of the past. But, Nigerians were disappointed as refined products were not only in short supply, but disappears quite often in almost all the filling stations in the country. Importation of refined products came into focus when the turnover from the four refineries could not satisfy the ever increasing demand by Nigerian consumers. In other words, import was mainly as a result of the poor performing state of the refineries (Federal Republic of Nigeria, 2000: p, 19). This is evident in the table below.

Table 2: Refining Capacity of the Refineries:

S/N	Refinery	Date	Commissioned Processing Capacity (BPD)
1	Port Harcourt I&II	210,000	190,000
2	Warri	125,000	100,000
3	Kaduna	110,000	70,000
	Total	**445,000**	**360,000**

Source: Nigerian National Petroleum Corporation (NNPC), 2000.

It is crystal clear from the table above that the optimum capacity achieved fell below the installed capacity in each of the refineries. For instance, the Port Harcourt refineries combined together had an installed capacity of 210,000 barrels per day but 190,000 barrels per day was achieved, showing a shortfall of 20,000 barrels per day. Aggregatively, a total shortfall of 85,000 barrels per day was observed in the general petroleum products supply. This is true because, the total installed capacity of all the refineries was 445,000 barrels per day while 360,000 barrels per day was achieved. The decline in the refined products was attributed to the poor performance of the existing refineries.

According to Ezeagba (2005), the poor performance of the refineries over the period (1990-2012) was due largely to problems, such as fire, sabotage, poor management, lack of turnaround maintenance (TAM), and corruption, which have left them (refineries), often operating at about 40 percent of full capacity, if at all. He further stress that this has resulted to shortages of refined products, hence the need to increase imports to meet domestic demand. The author rely most on secondary source more than primary source which could have expose more data on corruption bedeviling the oil sector. Senator Abubakar Saraki, contended that the mismanagement of subsidy in 2011 budget would frustrate funding for 2012 appropriation. In furtherance of the implementation of the fuel subsidy in 2011 appropriation, the sum of N240 billion (N20 billion monthly) is budgeted. Of the N20 billion monthly allocated, N11.2billion was allocated for domestic fuel subsidy (NNPC) and N8.8 billion for domestic subsidy (market) as stated in the Appropriation Act 2011. ―Although, N20 billion was set aside for subsidy on a monthly basis in the Appropriation Act 2011, in August 2011, the total figure expended was N165bn of which the NNPC was N88 billion and Independent Marketers was N77.7 billion. In the first three months of the year, both the NNPC and the Independent Marketers did not exceed N62 billion monthly but within the last three months, figures have ranged between N150 billion and N186 billion. ―With this trend, by the year-end, we will have a fuel subsidy bill of over N1.2 trillion as against the N240 billion budgeted in the Appropriation Act.

The implementation of 2011 Appropriation Act will surely be in troubled waters if a variation of N1.2 trillion arises as a result of the level of expenditure incurred on fuel subsidy so far.

Table 3: Estimated Oil Revenue in Nigeria 1999-2016

Year	**Revenue in Naira(Billion/Trillion)**
1999	5,000 billion
2001	13,400 billion
2002	17,076 billion
2003	1,230.9 billion
2004	2,074.3 billion
2005	4,762.4 billion
2006	5,287.6 billion
2007	6,700.0 billion
2008	7,458.4 billion
2009	8,623.5 billion

2010	3,399.63 billion
2011	4,607.24 billion
2012	6,636.51billion
2013	2,432 trillion
2014	1,796 trillion
2015	1,21 trillion
2016	2,98 trillion

Source: CBN Annual Report and Statement of Account, 2016

From the table above it is empirical that in the year 2016, we had an increase in the oil revenue by one trillion naira which is part of the money been spent annually on subsidy. As a result of the partial subsidy removal it has been added up to the amount generated from oil as revenue.

2.2.4 Practices in the Global Oil Industry

The countries here under reviewed possess either the character of Nigeria as:

i. A recognized oil producing nation.

ii. A member of the organization of Petroleum Exporting Countries (OPEC).

iii. A politically democratic nation.

Australia – Background

The refining sector in Australia is characterized by over – capacity. The country has a distillation capacity of 38 metric tons per year. The continuing financial crisis in Asia and low world oil prices have contributed to lowest petrol prices in ten years in Australia which in turn, has begun to flow through to petrol price with significant increases. The federal government has recently withdrawn a draft oil to apply to downstream oil. Political issues prevented its ratification by the federal parliament; this resulted in continuing difficulties being experienced by the downstream sector (Ramsey & Heskett, 2002).

Control / Structure

The downstream industry is controlled by the private sector. There are no state – owned refineries or retail marketing companies. There are eight refineries in total, the largest being BP‟S Kwinana Refinery, followed by the Kurnell refineries, which is owned by Australian Petroleum (A joint venture between Caltex and Ampol) and Shell – owned Geelong Refinery. The proposed recent change policy mentioned above would have allowed more companies as distinct from lesser owned sites. Competition is expected to increase with further downward price pressure.

France – Background

There are twenty four refineries in France and the country has a total refinery capacity of 98metric tons as at 1997. France is a significant net exporter of heavy fuel oil and importer of diesel fuel and heating oil. The entire French downstream industry is characterized by poor profitability due to a combination of high refinery costs and low margins in a very competitive retail sector. The French oil industries face problems of over capacity. The trend is towards rationalization and negotiations concerning possible refinery closures and is still ongoing.

Control / Structure

The downstream oil industry in France is controlled by private sector. The refining sector is dominated by five major international companies, including Total (28.8metric tons capacity) Elf France (20. 2metric tons capacity), Esso (13.3metric tons capacity), BP (10.6metric tons capacity), Mobil (3.2metric tons capacity) and Compagnie Rhenage de

Raffinage (4metric tons capacity).The retail petroleum station sector is in a private hand. The sector has seen a significant rise in market share by super market chain, which control 49.5 percent of market and 4.4 percent, is controlled by independent retailers.

Germany – Background

Germany is a net importer and consumer of oil. Oil consumption in 2011 was 136.5metric tons, making Germany the biggest consumer in Europe and the fourth largest in the world. In addition to being a significant consumer and importer, Germany is also a major refiner and is the second largest in Western Europe and the sixth largest in the world.

The refining sector is profitable, but is improving slightly. Cost difficulties due to stringent environment requirements and losses are large. In addition, oil is imported from Rotterdam on barges and fluctuates in price, depending on the depth of the sea.

Control / Structure

The German refining industry is controlled by private sector and is relatively fragmented; no individual company has greater than a 15 – percent share of total share of total refining capacity. The retail market is also controlled by private sector and most of Western oil majors are represented. Aral, a joint venture between Veba and Mobil, has over 2500 outlets, Shell has 1700 outlets, Dea has 1600, Esso has 1500, BP has 1400 and Conoco has 600. Rationalization of outlets has started.

Japan – Background

Japan has no significant reserve of natural gas or oil, but is a major importer, refiner and consumer of oil and products, in addition to being a major importer from the countries of the middle east and smaller portion of supplies from China, Indonesia and Mexico, Japan is participating in several upstream oil and gas projects abroad, which will lead to diversification of oil supply sources in the long term.

The country has a capacity of 247metric tons per year, which represents 6.4 percent of the world's total and is the largest refining capacity in Asia. Japan consumes 266.4metric tons in 1997, making it the second largest consumer in the world after the US oil constituted 53 percent of primary energy consumption in 1997**.**

Control / Structure

Japan has 44 refineries, which are controlled by the private sector. The retail industry is also controlled by private companies. Until the April 1996, the energy sector in Japan was control by Ministry of Trade and Industry of Japan and was a regulated market, where permits for the import of products were restricted to qualified companies, after this time, the domestic product was expected to be more competitive, due to the unregulated imports of petroleum products. The objective of the new energy policy is to accelerate economic supply of petroleum products through deregulation and products have relatively small but had the beneficial effect of pushing down end – user prices.

The downstream oil sector is in private hand, with the deregulation of the oil product market, the private retail sector which is independent of oil refiners and suppliers is growing.

United State- Background

The industry is dominated by large and highly efficient refineries which are concentrated in the Gulf Coast, Mid – Continent and California. Recent environment concerns have forced refiners into significant capital spending to reduce emissions and upgrade products.

The Clear Air Act has imposed additional restrictions on automobile emissions, which have forced refiners into cleaner burning fuel production (Ramsey &Heskett, 2002).

The US consumed 846.5metric tons of oil in 1997 and imported 489.6mt of crude oil and products. Imports from Canada (72.7metric tons), Mexico (68.0metric tons), South and Central America (132.1metric tons), the Middle East(86.9metric tons). Western Europe (32.9metric tons) and other regions (28.7metric tons). The US also exported 41.3metric tons of products and 5.6metric tons of crude oil in 1997 primarily to Mexico, South and Central America, Western Europe and Canada, among other countries.

Control / Structure

The downstream industry is controlled by the private sector refineries under a regulatory environment, which monitors output and operations (Chatterjee & Lubatkin, 1990).

As the sixth largest oil exporter in the Organization of Petroleum Exporting Countries (OPEC), Nigeria is endowed with abundant quantities of oil; subsequently, the country has generated billions of dollars as revenues from oil since the last four decades when oil was first found in the country. Despite the enormous revenues Nigeria gets, the benefit has not reflected into the lives of ordinary citizens in the country and the Nigerian Economy is continuously confronting challenges, this may have resulted from inefficiencies, corruption, and abuse of Natural Monopoly Powers, mismanagement, smuggling, bureaucratic bottlenecks and excessive subsidy.

In the 1990‟s, due to the increase in demand for Oil Products, which outweighed its supply, it became necessary for NNPC (as a state owned Enterprise) to import heavily from abroad to meet the escalating demand, and as a result, the revenue generated from crude oil export had to be used to import refined products in to the country. Nigeria imports 85% of refined products, this has exposed the country to difficulties in funding subsidies on the refined petroleum products, the country had to borrow from International Financial Institutions to maintain this subsidy and also spent more to service the debts. Consequently, the country entered a difficult situation where meeting the major budget needs of the government became difficult. Considering the fact that international oil prices were increasing and the real refined production in the country was dropping the government decided that it could no longer afford the continued subsidies in the pump price of the fuels because it was purchasing refined products at huge international prices only to sell at a heavily subsidized rate. Presently, one litre of Petroleum Motor Spirit (Gasoline) is regulated at N65 (US$1=151.38 Naira, as at 21/4/2010) but the actual cost is expected to be N114.32, therefore for every litre of Gasoline the government pays the difference of around N49.34. However, Nigerians consumed around 32 million to 35 million litres of Gasoline per day. Therefore, Nigerian government pays around N1.6 billion (US$1.1 Million) per day on subsidies. The government claims that despite the huge amount spent, the subsidies did not reach the targeted individuals but rather few higher income groups, it further claims that continuation of subsidies on Petroleum Products limits its ability to deliver its statutory functions such as power generation, security, education health etc.

Consequently, the government found it imperative to resort to selling the refineries and invited other local Marketers to apply for licenses to build private refineries. This was not achieved because the marketers who are profit motivated declined their interest to apply as the government still regulates the pump price. Subsequently, the recent government considers it necessary to deregulate and privatized the downstream sector in the country.

However, the deregulation process is now facing serious challenges and criticism especially from Labour and Trade Unions, Parliamentarians and the public.

2.3 Historical Overview of Fuel Subsidy Removal in Nigeria

Nigeria is a nation endowed with abundant human and material resources. In the early 1950's and at independence, Agriculture was the chief foreign exchange earner of this nation. Other mineral deposits like coal, Tin and agricultural resources, examples rubber, cotton etc, were explored, while their proceeds used to support the governmental expenses. Immediately crude oil deposit was discovered in (1956) at Olobiri Delta state, attention was then diverted to oil exploration and exportation. As a result of this, huge foreign exchange earnings and reserve rose to unprecedented promising level. Soon after, other variable areas of reserve earning were abandoned. Fuel now became the determinant of our economic transactions with the rest of the world. Nowadays, the economy of the country depends mainly on crude oil.

The history of oil subsidy removal in Nigeria is rather a long one particularly with the negative effects it has on the polity. Specifically the story of subsidy removal dates back to 1978 when the then military government of Gen. Olusegun Obasanjo reviewed upward the pump price of fuel which was at 8.4 kobo to 15.37 kobo. The concern was for government to generate enough money to run the administration particularly when it was preparing for the 1979 democratic elections and also to carter for the social needs of Nigerians (Adeniran, 2016d; Ering et al 2012). The author adopt qualitative approach were the author could have use both qualitative and quantitative method of data analysis. The author equally fail to outlined the negative effect of such action taken by the government of increasing pump price of fuel.

Moreover, Gen. Olusegun Obasanjo second coming as a civilian president did not help matters as he unleashed a reign of terror on Nigerians. In his eight years reign, the nation witnessed several rounds of fuel price increases. The first started on 1st June, 2000, where the petrol price per litre was raised to ₦30.00 but only to be reduced to ₦25 one week after due to massive protests by organized labour, civil society organizations and the ordinary Nigerians. Five days later, on 13th June, 2000, the pump price was further adjusted to ₦22.00 per litre. On 1st January, 2002, Obasanjo regime increased the price from ₦22.00 to ₦26.00 and to ₦40.00on 23rd June, 2003 just one year after. In June, 2007, also the same regime raised the price of fuel per litre to ₦70, and later to over ₦100 per liter (Adeniran, 2016d). the methodology approach by the author was analytical which he failed to spelt out the impact of the fuel price increase based on the socio-economic effect.

In a statement delivered by Dr. Kachikwu, on May, 2016, it is on record that when the late President Umaru Musa Yar'Adua assumed office in May 2007, the Nigeria Labour Congress (NLC) resisted the increase and forced him to revert to ₦65 per litre. In January, 2012, the government of former President Goodluck Jonathan attempted to remove the acclaimed subsidy but this was stoutly resisted and the commodity which was billed to sell for ₦97 per litre was later pegged to ₦87 per litre (Adeniran, 2016d; Vanguard Newspaper May 25, 2016). The statement further stated that during President Buhari's administration in 2015 to present, Nigerians have been asked to buy the product at a peak price of ₦145 per litre. Government said it decision in this regard is informed by the fact that despite the decline in the price of crude oil in the international market, marketers are finding it increasingly difficult importing refined petroleum products due to scarcity of foreign exchange (Vanguard May 25, 2016).

2.4 The Nature and pattern of Politics of Oil Subsidy Removal in Nigeria

Today, Nigeria imports oil to meet its domestic consumption for the product. Yet, it is the largest producer of oil in Africa and 10th among the world oil rich nations. Oil subsidy could be defined as the money government pays as the differential between the international price of petroleum products and the local price in Nigeria. Since the early 60s, enormous revenues have been generated from this natural endowment. It is in the public domain that the government of General Yakubu Gowon had so much money that it had problems deciding what to do with it. A large proportion of these resources however, went into private pocket as witnessed in the recent subsidy scan while the remaining was filtered away on white elephant projects exemplified by the number of abandoned projects across the country. Major fuel consuming nations are assiduously working on alternative sources of fuel. It is imperative to note that oil is a finite resource that may be exhausted sooner than expected. Some by-products derived from oil include: kerosene, aviation fuel, premium motor spirit (PMS) otherwise known as petroleum, among others.

As a major oil producing country, a situation where some non oil producing countries import crude oil from Nigeria, refine and sale same to Nigeria is an indication that something is fundamentally wrong with the political leadership in the country. The four refineries in the country are at different levels of disrepair, therefore cannot meet local demands. It is not accidental that the four refineries in the country are not in good shape or are made to be so. It appears the oil cabal makes more money through importation and distribution of oil than its production. The economy and political institutions which have become woven around this system, would take quite an effort to extricate them from it. A distributive economy based on a weak ideological framework cannot engender development in a polity.

In spite of the enormous resources gotten from oil over the years, oil producing areas in particular and Nigerians in general have nothing concrete to show for them. Rather the goose that lays the golden eggs is allowed to die slowly. These developments throw up very germane questions. Who and what are the forces behind the removal of fuel subsidy? Who benefits from such exercise? How can government sustain its authority and legitimacy to regulate the industry without recourse to force? We shall at this juncture address these questions.

The removal of petroleum subsidy has been in the front burner of debate in Nigeria. However, it has taken a worrisome dimension since the return to civil rule in 1999 given the frequency with which they are carried out and the constant public outcry over its management. In other clime, where monies removed from subsidy are well expended, those in the lower strata of society still kicked against such exercise. According to the supporter of fuel subsidy removal, subsidizing premium motor spirit (PMS), otherwise known as fuel in Nigeria, comes at enormous cost to the government, money they argued that could be best channeled to other sectors of the economy. For instance Mayo and Songiwe (2012) argued that in 2011 alone subsidizing PMS cost the country an estimated $8 billion with the price tag for 2012 expected to be substantially more, if the government had not substantially cut down on the subsidy. It is generally argued that the cost of subsidizing fuel grew exponentially partly due its rising cost in the world market which meant that government had to spent even more to keep domestic price low and partly due to Nigeria's increasing population which resulted in increased consumption. Critics of subsidy argued that a combination of these factors made fuel subsidy unsustainable. Following from the above proponents of de-subsidization contend that removal of subsidies will help the government to save some ₦1.2 trillion, part of which can be deployed into providing safety nets for the poor segments of the society to ameliorate the effects of the subsidy removal; according to a letter to the national assembly by the president conveying his administration medium term expenditure framework (MTEF) and a ₦4.8 trillion Budget for the 2012 fiscal year (cited in Adibe, 2012). However during the debates that preceded the government decision to remove the fuel subsidies, there were varying estimates on how removal of fuel subsidy would affect the price of petroleum products. What was clear however was that following the announcement of the removal of fuel subsidy on January 2012, the official price of fuel per litre price of petrol jumped from ₦65 to ₦141. On January 9 2012, barely a week after the removal Nigeria was shut down with protests spread across the country, truly shutting down economic and social life in the country. According to Jonathan (2018) Even Nigerian Labour Unions that were exhaustively consulted joined the protests. Also, some sections of Civil Society that were properly briefed which we thought would go along with the idea joined the protests. The then main opposition party had a field day. In fact, security reports received showed clearly that they instigated the protests. In Lagos State for instance, it was like a carnival. Musicians, comedians, and other celebrities were engaged by opposition elements to join the protests. Refreshments were served to protesters. Every morning Lagos State Government workers cleaned up the Gani Fawehinmi Park and prepared it for the day's protest. It appeared as though the protesters were very special guests of the Lagos State Government. Similar scenarios played out in other opposition controlled states. State Governors of the main opposition party, some of whom were champions of the subsidy removal in our meetings on the matter, made a volte face! They saw the subsidy removal as a very good opportunity to bring my government down and clear their path to power. Politics has a way of letting you know the inner recess of the human mind. I recall vividly that at one of the meetings we had with the Governors at the Council Chambers, Mr. Adams Oshiomhole, then Governor of Edo Sate, showed his displeasure towards his colleagues. To his credit, he was the only opposition Governor who stood by what we agreed. He told his colleagues that it was not fair for them to turn against the President when they even wanted the deregulation to have started months earlier. The House of Representatives Speaker, then Rt. Hon. Aminu Waziri Tambuwal, was hobnobbing with the opposition (he eventually deffected to the opposition) did not help matters.

Given the depth of the fault lives in the country and their politicization, government which did not expect that Nigerians could overcome their differences to sustain such nationwide protest was force to negotiate with labour and civil society leaders. Both sides shifted grounds as had been the pattern and nature of politics of fuel subsidy removal in Nigeria: while the government agreed to maintain a level of subsidy labour and civil society leaders also shifted from their total opposition to any form of removal to accepting the need for a partial subsidy removal. The consequence was that the government adjusted the official per litre price from ₦141 to ₦97 much higher than the ₦65 it was before the January 1 2012, announcement. It should be underlined that the proposal to remove fuel subsidies did not originate with the Jonathan administration. Debate over subsidies in general in fact date back to 1982 when president Shehu Shagari introduce the first set of austerity measures to address the than worsening economic situation faced by the Nigerian economy under his leadership (Abubakar 2011). Shagari's austerity measures, influenced by the two Bretton woods institutions, required the deregulation and removal of all subsidies from domestic price of consumer products. The fuel price was first increased from 6 kobo to 8.4 kobo per liter in 1973 by General Yakubu Gowon. Since then, it has become a recurring decimal in the Nigerian polity. Consequently, on October 2nd, 1994. The pomp price of fuel increased from N3.25k to N15. On October 4, 1995 the pomp price dropped from N15 to N11. Again, in 1998, General Abubakar increased fuel price from N11 to N25 and reduced it to N20 on January 6th, 1999. By the time he left office in 2007, Obasanjo‘s civilian administration took the pomp price of fuel from N20 in 1999 to N75. But President Yar‘Adua, felt it wise to reduce the price of fuel per liter to N65 (Daily Independence, 2012). On coming to power, President Jonathan increased the price to N143 and later N97 per liter of fuel after many days of protest, and destruction of properties. While president Muhammadu Buhari Administration in 2016 increase the price of fuel from ₦87 to ₦145. There are all indication that we have not seen the last of the of fuel price hike in Nigeria.

With these increases in the prices of petroleum products, more money has entered into the coffers of the federal government which is yet to reflect in the life of the people in any concrete way. At the macro social level, the living standard of the people has grown from bad to worst. While liberal democracy and its correlate capitalism have become the only games in town, Nigerians have been at the receiving end. As Olukoshi, (1998) rightly observed, the neo-liberal monetarist thrust of the adjustment model, with its emphasis on a zero-sum market approach is one in which from the onset, carried huge social cost.

The social cost of the adjustment regime has continued to create unequal impact on various sectors of the society. As Osaghae (1994:13) argued, the neo-classical reform measures which include education, subsidy removal from oil and other essential public goods and services, rather than better the life of the people, government after government slipped deeper and deeper into decay and stagnation, unable to improve on the situation bequeathed to them by the colonial administration.

The state of decay and stagnation are found virtually in all sectors of the Nigerian society: health facilities, employment, education and basic infrastructures including: housing, public transportation, roads, electricity, water etc. These are all in a state of comatose. While resources from oil have increased geometrically, social services have declined intolerably. It would seem that primitive accumulation of resources from oil has been more for personal and group benefits than the common good. Supporting the above, is a recent revelation that one out of the oil bloc owners in the country earn about N 4 billion monthly and is richer than seven states of the North East put together (Punch, 2 march, 2015).

Yet, oil has become powerful in the political calculation among the country‘s leaders - individually or as a group. Even ethnic nationalities go to war over issues arising from oil. Pearson (1970) contends that the existence of petroleum may not have been responsible for the schism in the country that culminated in the July 1967 civil war, but oil may very well have been the extra ingredient that finally precipitated the military conflict". Over the years, the revenue sharing formula for federally collected revenue has been in constant dispute. The bane of dispute is the procedure for redistributing oil revenue. States outside the oil producing areas are pressing for change in the existing revenue sharing formula while those within oil producing areas are not satisfied with 13 percent they are being given after a protracted struggle with the federal government.

The ruling elite in the country have been mismanaging the proceeds from oil, a position recently confirmed by Bill Clinton, former US President. Before now, both Ayo Irikife and Pius Okigbo panels of inquiry into the management of oil revenue indicted Generals Obasanjo and Babangida military government of mismanaging N2.8 billion and N12.2 billion respectively (Okigbo, 1987). As the country battles with the colossal waste of oil monies, another problem has since emerged in the area of crude oil theft. Nigeria lost N 58.2 billion to crude oil theft (Daily News Watch, 2014). Under such comprador capitalism, the ultimate goal is profit for self and groups. In this scenario, the oil triumvirates political heads, middlemen and bureaucrats are all at work. As succinctly argued: by Tunern& Badru (1985);

> It is possible to get rich very quickly by being the intermediary in crude oil sales deals, or in illegal product exporting, and the government officers who allow the allocation of crude oil to such intermediaries or their partners would be hard put to account for this practice of crude oil middlemen-ship (Turner & Badru, 1985:11).

An examination of the above submission suggests that it is this group of men that are behind government removal of subsidy on petroleum products, sabotage attempts to fix the country‘s refineries and favour fuel importation and price hike so that they, in connivance with the metropolitan bourgeoisie, can engage in primitive accumulation. In all these, the state still remains fragile in its regulatory roles. It appears all these are part of the game plan to acquire, retain and expand their material base at the expense of the people.

Since when the partial removal of fuel subsidy was carried out by government, the people are yet to fully recover from its effects. Yet, all the promised palliatives from the fuel subsidy removal as contained in the "SURE-P" document are yet to register their presence in the life of the people in areas of increased standard of living. While arguments by government propagandists are increasing in the most cacophonous voices, we are of the view that going by experiences of previous programs; the so called putative benefits may never be seen in the peoples' life.

2.5 Subsidy Removal and Challenges of National Development in Nigeria

There are contending arguments on the merits and demerits of fuel subsidy increases or removal. The protagonists argued that fuel subsidy removal was a step in the right direction and in the interest of Nigerians. They maintained that it will help eliminate incentives for corruption and excess profiteering by an unpatriotic cabal in the petroleum sub sector. It will minimize borrowing and save money for investing into job creation, power and transport infrastructure and others. It will eliminate capital flight and build Nigeria's foreign reserve in order to position the economy for speedy growth and global competiveness. it is obviously argue that it will trigger private sector investment in a deregulated downstream petroleum sector and enthrone efficiency and catapult the development of the nation's productive sector such as agriculture and industries. According to the 2012 – 2014 Medium Term Fiscal Framework (MTFF) and the Fiscal Strategy Paper (FSP) which President Jonathan sent to the national assembly, he stated among other things, that fuel subsidy will free up to about N1.3 trillion, that is, about $8 billion dollars in savings. This money he added will be deployed into providing safety nets for segment of the society which will help to ameliorate the effects of subsidy removal. Furthermore, subsidy removal and the money generated would guarantee the success of the (MTFF). Money realized will be used to build more refineries and buy buses that will help cushion the effect of the subsidy removal.

The point however is that since the protests were called-off the strategies that were initially rushed have suddenly disappeared. The antagonists of the fuel subsidy removal present a contrary view. They argued that the total amount that will be generated and the actual sharing have not been revealed by the federal government. In other words what will actually go to the states and local governments and what will be left for the federal government has not been worked out. The effect this will have on the infrastructural development as being put by the president and his economic advisers has not really been clear.

Therefore, it was premature to speak of the benefits of the removal of subsidy. Fuel subsidy removal will automatically lead to increases in the pump price of fuel. This was shown by the difference pump prices witnessed across the country when the subsidy removal was announced and these ranged from N141 to N200 naira per litre. In some other states of the country, a litre of petrol was sold for as much as N250 naira. Other marketers created artificial scarcity in order to raise the pump price.

Fuel subsidy removal affected transport fares and motorist doubled transport charges. And since this happened during the chrismas period when many Nigerians and their families had traveled to celebrate the chrismas with their families including extended families, many were stranded. Those who could afford it did so by abandoning their families in their villages. For many Nigerian these were indeed interesting times requiring interesting approach to life.

Although the pump price of petrol after all protest was reduce to ₦97 naira the costs of transport as well as other products and services were yet to reflect the reduction before in 2016 the price of fuel was again increase to ₦145 by President Muhammadu

Buhari Administration thereby forcing people to rethink on their life style and mode of transportation as a strategy for surviving the hard times. For instance, people now ride on horse-powered taxis, some choose cow-powered land cruisers and even do motorcycle powered tourist wagon, all in an attempt to avoid the use of petrol and its cost. Increases in transportation always have ripple effects on other social issues. The prices of foodstuff also went up. The logic here is that food sellers use transportation to bring in food items and cars and vehicles have to struggle to get fuel at very exorbitant prices. The result is that the food sellers have to factor in the increment in order to make marginal gain. School fees and charges are not spared, as school fees have increased. Most parents are left with no choice than to withdraw their children and wards from schools. House rents across the country have increased dramatically and the argument is that fuel price increase had affected the prices of cement astronomically.

Before the fuel subsidy removal there were indications that cement price may crash following the take-off of Dangote, Lafarge Cement Company in Ogun State. But the withdrawal of subsidy on January 1st, 2012, and 2016 by Jonathan and Buhari catapulted the price of cement to over N2000 naira per bag thus affecting the prices of house rent. According to Iroegbu-Chikezie (2016) a cement dealer he argued that he had to raise the price of the product because he was made to pay double the cost of transporting cement to his shop. Fuel subsidy removal also affected the cost of haulage of basic building materials such as iron rods, roofing sheets, flouring materials and others. Agboola (2012) maintained that the Organised Private Sector (OPS) were not happy with the removal of fuel subsidy. It described the policy as a deliberate move by the federal government to worsen the decaying industrial sector. The organised Private Sector (OPS), he argued may be forced to pay more for providing generating plants at its factories. Similarly, the Small and Medium Enterprises (SMEs) will be generally affected since most the them use petrol for their relatively smaller power generating plants. The group, according to its Director General, Nigerian Employers Consultative Association (NECA) Mr. Segun Oshinowo, members were neither invited nor represented in its institutional capacity at the meeting held with government and business operators.

The concern is that government should have fixed or put in place a number of measures and infrastructures before going ahead to remove fuel subsidy. That is, the problem of power should have been fixed so that Nigerians would have to contend only with the fueling of their cars instead of also looking for ways to power offices, industrial generations plants and other things. New refineries should have been build and the older ones put into functioning so that the availability of the product locally will impact on the economy and play a role in bringing down the price of the pump price. Table 1, shows that fuel prices per litre and the minimum wage for both OPEC and non OPEC countries.

A comparative analysis of the pump price shows that Nigeria has the highest fuel pump price and the lowest minimum wage. Moreover, the basis for Nigeria‘s political elite to compare the pump price of fuel to other countries was not there. The reason is not far fetched, in most of the countries listed there is stability of basic utilities like stable power, availability of portable water, good roads and other factors. More so, and as seen on table 7, the minimum wage of N18,000 and even at this, a number of states are yet to implement it. The minimum wage of a country to a large extent defines the purchasing power of individuals. In the case of Nigeria, available statistics show there are among the lowest paid in the world.

Table 4: OPEC and non OPEC countries and their fuel prices per litre and minimum wage.

S/N	Countries	Fuel price per litre	Minimum wage (N)
1	Venezuela	3.61	95.639
2	Kuwait	34.54	161.461
3	Saudi Arabia	25.12	99.237
4	Iran	102.05	86.585
5	Qatar	34.54	101.250
6	UAE	70.18	103.112
7	Algeria	63.55	55.937
8	Libya	26.69	23.813
9	Iraq	59.66	25.813
10	Nigeria	141.00	18.000

Source: The Nation, 2012 Monday January 6, p:40

Table 5: NON-OPEC

S/N	Countries	Fuel price per litre	Minimum wage (N)
1	USA	157.00	197.296
2	UK	157.00	295.644
3	Oman	48.67	91.58

Source : The Nation, 2012. Monday January 6, p.40.

Besides, scholars like Soremekun 2012 and Olukayode (2012) have argued that the issue of fuel subsidy essentially originated from governments inability to process the crude oil within the country. Oil subsidy simply means import-inspired deregulation in an oil-producing country. It is a clear indication of governments failure and bankruptcy, in terms of running the industry. There is also the psychological effect of fuel subsidy increases and removal. Scholars have maintained that it could lead to cases of depression and suicide. The CBN official statistics show that over 70 per cent of Nigerians live below the poverty line (CBN, 2011). Poverty line refers to the value of income or consumption necessary for a minimum standard of nutrition and other necessities of live (Todaro 2005). It is normally computed as those living below one US dollar per day. The implication here is that fuel subsidy removal will further cause emotional trauma and torture on the psyche of those who are struggling to feed and to some extent may commit suicide. This fact is corroborated by the report of International Labour Organisation (ILO) a UN agency which maintains that 900 million workers are living below $2 a day, worldwide. Similarly, the removal of subsidy and its attendant consequences discussed above could result in broken homes and increase cases of divorce. When people cannot fend for themselves and their families, there is the likelihood that husbands and wives would separate. This may consequently lead to discomfort, anger and even death.

There is also the serious dimension that the removal of fuel subsidy may result to. It could lead to rebellion against government and anarchy. This was exampled by the massive protests that took place across Nigeria, after Jan, 1st, 2012 announcement by Petroleum Product Pricing Regulatory Authority (PPPRA). The fear was that it was evolving into the ―Nigerian Spring‖ to borrow from the ―Arab Spring‖ that is the massive social protests that engulfed the Arab nations of Tunisia, Egypt, Yemen, Libya, Qatar and Syria to mention but these few. One can therefore, argue that persistent of corruption in the downstream oil sector account for the inability of government to maintain fuel subsidy.

2.6 Corruption and Fuel Subsidy Probe in Nigeria

It is gratifying that in response to mounting public clamour, the Federal Government has shifted grounds on its initial ambivalence towards the House of Representatives resolution on the fuel subsidy regime probe. The report of the Farouk Lawan Ad Hoc Committee that investigated the fuel subsidy scheme had indicted various government agencies and private sector fuel importers for varied abuses and malfeasance that the Committee unearthed in the course of its investigative public hearing on the utilization of the Fuel Subsidy Fund (FSF). The FSF is earmarked by government for offsetting a part of the cost of landing and distributing fuel at government regulated fixed prices to all parts of the country. Government recently revealed its intention to act on the relevant House resolution during the formal hand-over of the report of that Special House Committee to Mohammed Adoke, the Attorney General and Minister of Justice, by President Goodluck Jonathan. The President used that opportunity to direct that the Economic and Financial Crimes Commission (EFCC) should use the report to prosecute all those against whom prima facie cases may be established.

The Aig-Imoukhuede fuel subsidy report has revealed gaps in Farouk Lawan-led House of Representatives probe. The presidential committee set up by President Goodluck Jonathan to verify and reconcile all fuel subsidy claims and payments made between 2009 and 2011 submitted its report on Friday with the revelation of significant gaps in the report of the House of Representatives ad hoc committee on fuel subsidy. The technical committee was constituted by the Federal Ministry of Finance after the outbreak of the bribery scandal that tended to taint the earlier probe of the subsidy regime by an eight-man ad hoc committee of the House of Representatives headed by Mr. Farouk Lawan. Who initially alleged to have come under severe pressure from the indicted oil marketers, was later to be embroiled in the bribery scandal that exposed his committee‘s report to public ridicule and angst. It was the mountain of misgivings that trailed the report by the Lawan committee and the subsequent complaints by oil marketers that prompted the setting up of the presidential committee to confirm all the claims. That decision has seemed to pay off with the discovery of about 50 companies that allegedly abused the fuel subsidy regime but which were given a clean bill of health by the House committee. One of the most startling details that emerged from the Lawan committee‘s probe was how in 2011 the country paid subsidy on 59 million litres of petrol per day when in fact the daily consumption was 35 million litres.

The Lawan committee submitted its report to the House on April 19, after sitting for three months. The House adopted the report on April 24 for onward transmission to the executive for implementation. The Federal Ministry of Finance set up another committee in May to scrutinize the fuel subsidy payments to marketers during the 2011 financial year. The ministry had been surprised that despite paying N1.7 trillion in subsidy by December 2011 and another N450 billion this year to clear the 2011 backlog, outstanding claims still remained from 2011.

In addition to its members, the technical committee also sought the support of CBN examiners and other financial experts and consultants, including Lloyd‘s List Intelligence, which was also consulted by the House committee. Whilst the House committee comprised lawmakers, the technical committee was made up of experts. The committee submitted its report to the Minister of Finance, Dr. Ngozi Okonjo-Iweala, and the presidency six weeks after it was set up.

However, a fresh twist was introduced into the fuel probe with businessman and chairman of Zenon Oil, Femi Otedola, staging a sting operation, allegedly with the support of the State Security Services, to nail Lawan in a damning $3million bribery scandal. Lawan later admitted collecting $620, 000 from Otedola. Interestingly, the report of the Aig-Imoukhuede committee was not spared from criticisms by fuel importers who, in apparent reaction to the public angst resulting from the revelations of the committee, described the technical committee‘s report as a hasty job. The companies flayed the report largely on the grounds that the Aig-Imoukhuede committee did not invite them to make clarifications with regard to some conclusions reached. However, the Federal Ministry of Finance, in a response to the complaints of the affected companies decided to set up the technical committee, which was also headed by Aig-Imoukhuede, to verify and reconcile the findings of the Technical Committee on Payment of Fuel Subsidies that he had earlier led.

The essence of the committee was apparently to give marketers indicted in the first report an opportunity to provide documentary evidence to clarify the findings of the technical committee, given that most of them had complained they were not given a fair hearing. The committee, which submitted its findings on Friday, upheld the earlier verdict of the Technical Committee on Payment of Fuel Subsidy. With the conclusion of this technical verification, Nigerians now expect President Goodluck Jonathan to swing to action and prosecute all indicted subsidy thieves immediately but fortunately actions were not taken. The following are names of companies missing in farouk lawan's report

i. Valviza Petroleum Ltd
ii. MRS Oil and Gas Co. Ltd
iii. Aiteco Energy Ltd
iv. Eterna Plc

v. Forte Oil Plc
vi. Rahamaniya
vii. Sahara Energy Ltd
viii. Oando Plc
ix. Folawiyo Energy Ltd
x. Geacon Energy Ltd
xi. Northwest Petroleum and Gas Ltd
xii. Venro Energy Ltd
xiii. Brittania-U Nigeria Ltd
xiv. Lloyds Energy Ltd
xv. Majope Investment Ltd
xvi. African Petroleum Plc
xvii. Masters Energy Oil and Gas Ltd
xviii. Pvn Capital Ltd
xix. Sirius Taglient Ltd
xx. Tempo Energy Ltd
xxi. Bodej Investment Ltd
xxii. Practoil Ltd
xxiii. Avidor Oil and Gas Company Ltd
xxiv. Colbert Energy Ltd
xxv. July Seventh Oil and Gas Ltd
xxvi. Mecuria Global Energy
xxvii. Momats Oil and Gas Ltd
xxviii. Rainoil Ltd
xxix. Xalon Petroleum Ltd
xxx. Xavier Energy Nig Ltd
xxxi. KMCL
xxxii. First Independent Nig Ltd
xxxiii. Tahill and Tahill Nig Ltd
xxxiv. Aquitane Oil and Gass

xxxv. Quagga Oils Ltd
xxxvi. Reliance Petroleum Ltd
xxxvii. Crustream Nig Ltd
xxxviii. Dan Oil and Petrochemical Ltd
xxxix. Midas Oil and Gas Ltd
xl. Nupeng Venturers Ltd
xli. Vita Cam Services
xlii. Viva Energy Ltd
xliii. Tamil and Tamil Nig Ltd
xliv. Fargo Int. Ltd
xlv. Mezcor Sa
xlvi. Absaf Petroleum and Company Ltd
xlvii. Delmar Petroleum Company Ltd
xlviii. Tamzila Petroleum Company Ltd
xlix. A.A Rano Nig Ltd

Furthermore, in the cause of the investigation it was discovered that there were marketers that did not obtain forex but claim to have imported petroleum products.

2.7 Oil and the Politics of Revenue Allocation in Nigeria

Revenue allocation is one issue that shows manifestation of oil politics in Nigeria. It entails processes that have to do with how oil revenues are shared in the Nigerian federal system that is fraught with politics seen in the struggle between and among the largely dominated ethic interest in Nigeria. As observed by Ikeji (2011) "the struggle for the control of the nation's resources have also, to some extent been based on the regional cleavages". The Nigerian state is made up of six geo-political zones with three dominant ethnic groups alongside numerous minority groups seen mostly among the oil bearing Delta Region and the Middle Belt. Obviously, there is political struggle for oil wealth as each region often represented by an ethnic group, angle for ample resource space. One way this is made known, is how benefits are allocated from generated revenue in the revenue sharing formula that is seen to be a political instrument to press for advantage.

Revenue allocation principles adjudged skewed in favour of major ethnic groups at the expense of minorities, gained currency following the discovery of oil and exploration of same in commercial quantities in the 1953s. Prior to oil, revenue sharing formula that adopted derivation principle, paid regions from where applicable resources were sourced, 50% of the total revenue generated. However, this was short-lived as the derivation principle was though retained, but applicable percentage kept dropping in the following sequence. It changed from 50% to 25% between 1968-1980 and miserable 1.5% between 1980-1989, (Akpabio and Akpan, 2010) when oil was discovered. The politics that followed and later came to be known as the politics of revenue sharing formula, is seen by many as direct political war between majority tribes and the minority tribes for the soul of the Nigerian oil. This to a very large extent amplifies what has come to be seen as oil politics in Nigeria.

Subtle and overt moves by regions to have fairer share in the revenue sharing regimes as well as the twist and the rancour that followed, which manifest in the polity, what many call 'politics of oil' in Nigeria (Ikelegbe, 2005; Obi, 2010; Ikeji, 2011; Yusuf-Bagaji et al, 2011 and Higgins, 2009). The Nigerian federal system largely seen as flawed comes readily to mind when the issue of oil politics in Nigeria is up for analysis. This is particularly of interest when seem from the prism of distributive justice in the distribution of Nigeria oil resources wherein acceptable formula for sharing oil wealth, has remain an issue. Minority groups in Nigeria have severally seen issues associated with revenue sharing in Nigeria as a struggle to outdo the majority to outdo them by espousing unfavourable revenue sharing formula from the center government dominated largely by the majority tribes of Igbo, Hausa and Yoruba. Effort at amending the nation's constitution recently, exposed the regional dimension of the angling for the soul of oil money. While governors of the oil rich South-South region wanted increased allocation, those of the North, wanted the status quo of 13% the South-South presently enjoys, to remain. As noted by Agbo (2013);

> The 1999 constitution provides for at least 13 per cent derivation to oil producing states. Due to the agitation of the oil bearing communities for more it was proposed in the ongoing constitution amendment process for derivation to be increased to 20 per cent. This was rejected by 224 votes to 125. This is another interest of the South-South rejected by the North (Agbo, 2013, pp.19-20).

What comes to mind is the subtle but fierce regional struggle for oil resources with majority ethnic groups seen to be muzzling minorities with their numerical strength. By implication, development is thus removed from oil bearing communities as the funds that comes to them, remain insufficient to cope with the negative externality of oil production. The table below captures transmutation of the revenue sharing formula over time in Nigeria and how it reflected absence of distributive justice. This is because, when it was agricultural, the operational sharing principle was that of derivation and the regions producing the resources, had 50% of whatever they produced. This became 1.5% in 1989. It took intense struggle by the oil bearing minority of the Delta for this to reluctantly alter to the present 13%. This shows the political rivalry of vested interest in the Nigerian oil wealth which again, reflects the commonsensical understanding of what politics means which is "struggle for power to administer the commonwealth".

Table 6: Derivation Revenue Sharing Formula in Nigeria

Criteria	Year/Sharing %			
	1954-1959	1968-1990	1990-1999	1999-2016
Population		50	40	30
Balanced Development		50	40	40
Derivation	100	25	1.5	13
Land Area	100			10
Social Development			15	10
Internal Development			5	10

Source: Federal government of Nigeria: A citizen guide to the federal Budget 2016

From the above table, one can notice a gradual reduction in the percentage of sharing the revenue based on derivation principle. It became manifest when oil became the mainstay of the nation's economy as earlier years showed robust revenue share for regions that produced the resources. Ironically, these regions were dominated by major ethnic groups. The table turned when minorities started producing revenue that sustained the nation. The politics and intrigue that follows, shows the deep seated politics associated with the exploration of oil in Nigeria.

2.8 Oil Politics and Developmental Challenges in Nigeria

Since oil became a major determinant of the Nigerian political economy, it has influenced and shaped the course and nature of politics and development in the country. The quest for the oil wealth has intensified the battle in the country to acquire political power by the elites whether through the ballot box or by the barrel of the gun. Oil is a factor that is pushing both the civilians and military officers to seek power in order to benefit from the huge oil wealth personally. Such behaviour had led to problems of underdevelopment and dysfunction in the country's political economy.

The urge for power has disarticulated the country's political system. It has led to political instability, economic distortions, and failures in several development projects and programmes. Consequently, it has led to abject poverty, environmental degradation, underdevelopment, sectionalism, violence, and insecurity. Again, the advent of oil in the Niger Delta has led to the dislocation of that region's political economy. The political economy and the delicate network of social relationships in the Niger Delta have been compromised by the discovery of petroleum oil. The advert of oil production disrupted a hitherto stable political system that was supported by a vibrant subsistent agricultural sector which also accounted for about eighty percent of local employment (Victor, 2005).

At independence, the country had three regions, the Northern region, Eastern region and Western region. In 1963/64 a fourth region, Midwest was created out of the Western region, after a referendum which the mid westerners overwhelm voted for and opted out of that region. Before independence minorities, questions were not properly addressed. The minorities wanted their own regions because their human rights were abused, including discriminations and domination by the dominant groups.

The dominant ethnic groups controlled the then three regions, the North, East, and West. In fact, when the Midwest was created out of Western region then under Action Group (AG), both the Northern People's Congress (NPC) and NCNC controlled governments, respectively, refused to heed the demands of their respective minorities for a region of their own. In the north, the Hausa/Fulani dominated government based in Kaduna failed to find a common ground with the minorities including the Tiv of the Middle belt for a region of their own. The NCNC led government based in Enugu also refused to address the demands of the minorities such as the problems and challenges facing the Ijaws and other groups in that region (Billy, 1973).

With the involvement of the military in the polity from January 15, 1966, it imposed its straitjacket on the economy. After the events of the civil war, the military under the supreme Military Council (SMC) fiscal federalism was centralized with the abrogation of the 1963 Republican Constitution which made provisions for the principles of derivation. However, the aftermath of the Arab Israeli (Yom Kappur) war in 1973 led to the skyrocketing of oil prices as a consequence of the Arab oil embargo. Nigeria made huge amount during the oil boom. After General Gowon, subsequently military and civilian leaders mismanaged the funds. There was no transparency and accountability on how much of the petrodollar made was spent. Thus, the then leaders failed to direct their attention on how to develop the oil producing communities of the Niger Delta. While much of the resources from the oil earnings were trashed out in foreign banks or spent on foreign policy misadventures at the detriment of achieving sustainable development in the Niger Delta, the area was left to bear the full brust or consequences of environmental degradation and underdevelopment. For instance, during the Gulf War between Iraq and Iran in 1980s, the country made US$12.4bn oil windfall under General Ibrahim Babangida’s regime. How the US12.4 bn was spent was unaccounted for and also the military leader then even denied any knowledge of such money.

The $12.4bn billion oil windfall money that accrued to the federal government between 1988 and 1994 was spent by the former military President, General Ibrahim Babangida (Rtd) (Vanguard November 12, 2012). Indeed, there are several such cases where billions of dollars made from oil are unaccounted for, stolen, or mismanaged by different regimes to the detriment of the development of the Niger Delta. As regards to the oil money, mismanagement and corruption eclipsed transparency and accountability in the system (Claude, 1996).

Certainly, verification of the amount of oil produced/lifted, exported and oil receipt were not properly documented by the appropriate authorities such as oil multinational corporations, Nigerian National Petroleum Corporation (NNPC) and the federal government. The country had lost and is still losing billions of dollars monthly or annually because of selfish attitude of those actors and the lack of transparency in the oil sector. Oil is recklessly being extracted without the concern for environmental degradation and the rapid depletion of oil in the Niger Delta in the next few decades. The elites are only interested in the flow of oil revenues which they are benefiting enormous from. In fact, the Nigerian State has put in place various policies to seize land and mineral resources aggressively to further the interests of the dominant groups.

The Nigerian State is interventionist and violent in character, with the result that it paid little attention to the degradation of the environment in the Niger Delta and the massive abuse of human rights. The character of the state is such that there is the tendency to interpose coercion in economic processes. This intervention of the state is usually for the selfish interests of the ruling and dominant classes. Again, the evident possibilities of wealth, states, power and patronage that state intervention has demonstrated has ignited stiff factional struggles within the ruling elite, as witnessed by the numerous coups d'etat and violent politics for control of state power. This struggle for the control of state power has influenced the formulation of oil policy and the laws guiding the relations between the oil producing communities and the multinational oil companies in a way that favoured the oil companies and their cronies who constitute the dominant and ruling classes in Nigeria. Whereas the state is supposed to assist in ameliorating the harsh living conditions of Nigerians and particularly the peoples of Niger Delta, it has rather been perceived as being a collaborator with the oil companies in destroying the rich bio-diversity of the region (Agbu, 2005).

2.9 Fuel Subsidy Removal and its impact on the economy

When In 2011 The federal government announced plans to remove subsidies from petroleum products, effective from January 2012, it was thought to be the latest in the seemingly endless stream of controversial policies that had been following from, and unwittingly increasingly defining the Jonathan regime that year. According to the proponents of subsidies removal, subsidizing premium motor spirit (PMS) comes at enormous cost to the government, money, they argue that could be best channeled to other sectors of the economy. As argued by Mayo and Sougwe (2012) that in 2011 alone subsidizing premium motor spirit (PMS) cost the country an estimated $8billion with the price tag for 2012, 2013 and 2014 expected to be substantially more, if the government had not substantially cut down on the subsidy from January that year. Collaborating this view, Ekpenyong (2011), express the view that the subsidy removal was not injurious to the nation. And hence stated that it is better to remove the subsidy and use it to impact on the people than for a group of people to share almost 600 billion naira every year among themselves when the product that is brought in cannot be bought by Nigeria at the subsidized price. Following from the above, proponents of fuel subsidy removal argued that removal of subsidy will help the government to save some "₦1.2. trillion naira, part which can be deployed in to providing safety nets for the poor segments of the society to ameliorate the effects of the subsidy removal; according to a letter to the national assembly by the president conveying his administration medium term expenditure framework (MTEF) and a ₦4.8 trillion naira budget for the 2012 fiscal year (cited in Adobe, 2012).

Reports from Petroleum Products Pricing and Regulatory Agency, PPPRA has it that a total sum of 2.3trillion was expended between 2010 and 2014 under the Petroleum Support Fund, PSF to pay marketers of fuel the difference between market prices and the pump price of petrol as arranged by government(Daily trust 20th, December, 2014). Analysts have questioned the rationale behind government's continued sustenance of subsidy to the tune of trillions when such funds could be channelled into infrastructural projects that will in turn meet the challenges that ought to be surmounted in a deregulated economy. Speaking at a stakeholders workshop organised by the House of Representatives Ad Hoc Committee investigating local and foreign loans obtained by Federal and State Governments, the then Central Bank of Nigeria Governor, Sanusi Lamido Sanusi said we spent a trillion naira for which we are borrowing. Why should we be paying a N570 billion subsidy that the elite are enjoying at the expense of the Nigerian people? The money is going to a cabal. These are the same people that borrow from banks and do not pay.

These are the ones rigging elections and are aiding corruption. We have to cut them off'. Subsidy has not only resulted in the diversion of scarce public resources away from spending in critical infrastructure and human development but has discouraged competition, stifled private investment in refineries and encouraged smuggling of petrol into neighbouring countries where prices are higher (Ellis, 2011). It can be argue that the intent of fuel subsidy has been defeated as its administration is beset by ineffectiveness, leakages and corruption. Again it's not as though the Federal Government is not informed on the negative impact of regulated prices on the downstream sector of the oil industry as well as the huge burden it poses on government finances but it appears that the will to implement deregulation is lacking. In 2003, the Federal Government opted for deregulation with the overall objective of introducing competition, enhancing efficiency and improving supply. The policy involves the removal of government control on petroleum products prices, allowing market prices to prevail and the opening up of petroleum products importation to the full participation of private sector players. Since its conception, several governments have canvassed and implemented some aspects of the policy such as the granting of licenses to build refineries as means of increasing private sector participation.

The Yar'Adua administration set up a presidential committee on deregulation whose responsibility was to dialogue with various stakeholders and equally fixed a date for the commencement of deregulation in the downstream sector. Yar'Adua said "we are committed to deregulation because we are convinced that subsidy distorts the system, encourages corruption and creates more problem than it solves. We are aware that initially there will be pain but those will be temporary and the whole nation will be better for it." Reinforcing government's commitment to deregulation, the then Minister of State for Petroleum, Odein Ajumogobia noted that " the downstream sector is today characterised by government monopoly and dominance, mismanagement of existing refineries, lack of investment and infrastructure constraint. The present scenario encouraged sharp practices and makes Nigeria the only OPEC member that still imports refined petroleum products. Government wants to take the bull by the horn and stop these once and for all". He further state that functioning industry would create the much needed atmosphere for an industrial boom which he highlighted as; self sufficiency in refining, regular and uninterrupted domestic supply of petroleum products at reasonable prices, creation of a favourable investment climate for local and foreign capital in a manner that would ensure optimisation of the nation's downstream potential, a self financing and self sustaining sector as well as a downstream sector that guarantees return on investment

Despite the good intentions behind the policy and dialogue with stakeholders and civil society groups the kick off date was vehemently opposed on the grounds that deregulation was not feasible at the time given the deplorable state of refineries, roads, railway and other socio-economic infrastructures. The critics listed fixing and building of refineries, availability of petroleum products, provision of an enabling environment for meaningful restructuring of the petroleum sector, repair of roads, fixing the problems around power generation and supply among the conditions to met before deregulation could take off. To decisively deal with the problems of electricity which was among the 7 point agenda of his predecessor (late Musa Yar'Adua), Goodluck Jonathan in 2010 ordered the full implementation of the Electric Power Reform Act of 2005, launched the power sector roadmap, signed into law a new gas pricing regime that would govern the price of gas to power for the next five years and promised to engage all gas producers in ensuring availability of gas for power plants. He came out with plans for a national grid and steps which would boost Nigeria's generating capacity to over 14000 mw in 2013.

The CBN has also earmarked $2billion for funding power projects. These laudable moves received international commendations and already yielding results.

Table 7: Showing Budget comparism on social welfare area's for 2011 to 2016

Sector	2011 (amount in billion)	2012 (amount in billion)	2013 (amount in billion)	2014 (amount in billion)	2015 (amount in billion)	2016 (amount in billion)
Health	203.34	282.77	270	262.40	237	221.7
Transport	24.4	54.8	107.7	72.3	29.7	202.3
Agriculture	81.2	78.98	81.4	66.6	324	434.7
Power	99	161.42	146	69.8	5.240	433.4
Education	304.3	400.15	426.53	493	492	369.9

Federal government of Nigeria: PPPRA Document 2016.

From the above, it is clear that due to partial subsidy removal government has increase its budget allocation to social welfare with over 30% increase in education, health, transport, power and agriculture sector.

Goodluck Jonathan equally took a bold step in ensuring petroleum product availability with also the present administration of president Mohammadu Buhari. To curb incessant fuel scarcity, which before now had bedeviled the economy and which resulted from frequent delay in the reimbursement of fuel subsidy under the petroleum support fund, and ensure product availability, the Federal Government approved the introduction of sovereign debt instrument by the PPPRA. This sovereign debt instrument serves as a guarantee for prompt settlement of legitimate petroleum supply transaction on approved volumes in the event of delayed reimbursement beyond the allowed 45 days as stipulated in the guidelines of the PSF. Under this arrangement, marketers are required to make advance payments of administrative charges and petroleum equalization fund charges prior to being issued with the debt instrument. The Nigerian National Petroleum Corporation, NNPC was also served with a 7 day ultimatum to end the perennial fuel scarcity or face the consequences. This move led to the creation of “NNPC War Room” and the disappearance of endless queues at filling stations. Consolidating its efforts aimed at ending future artificially induced fuel scarcity by owning at least 50 percent of all the filling stations in country, NNPC increased its outlet to 502. The corporation has equally vowed to ensure a sustained policy of zero tolerance for fuel scarcity. The then Group General Manager, Public Affairs; Levi Ajuonuma said “NNPC’s new year tiding to the nation is that Nigerians should be ready to enjoy unimpeded supply of petroleum products all year round. I make bold to put on record that the era of product scarcity is over.” Commenting on the constant availability of petroleum products at filling stations in the past seven months and the uniform price across the country, President Jonathan said “my team and i made no promises on adequate fuel supply in Nigeria. We simply did what was expected of those who govern. We delivered it and you are living witnesses to that”. The road and railway infrastructure are also being revived with various contracts awarded by Federal Government to ensure that they are in good shape. The dredging of River Niger is also in course. With the present administration of president muhammadu Buhari one can Deduced the fact that partial fuel subsidy removal has brought about normalcy and absent of long queue in filling stations in all part of Nigeria.

2.9.1 Subsidy Reinvestment and Empowerment Programme (SURE-P) Mandate

The then President appointed Dr. Christopher Kolade as the Chairman of the Subsidy Reinvestment and Empowerment Programme Board which is to oversee and ensure the effective and timely implementation of projects to be funded with the savings accruing to the Federal Government from subsidy removal. Major-General Mamman Kontagora (rtd.)

served as Deputy Chairman of the Board. The Special Adviser, Media and Publicity, Dr. Reuben Abati, said the Subsidy Reinvestment and Empowerment Programme Board will also include two representatives of the National Assembly, two representatives of organized labour, one representative of the National Union of Road Transport Workers (NURTW), one representative of the Nigerian Union of Journalists, one representative of Nigerian Women Groups, one representative of Nigerian youth, one representative of civil society organizations, the Coordinating Minister of the Economy/Minister of Finance, the Minister of National Planning, the Minister of Petroleum Resources, the Minister of State for Health, the Special Adviser to the President on Technical Matters, and six other reputable individuals from the six geopolitical zones in the country, three of whom will be women. The mandate of the Board shall be to oversee the Fund in the petroleum subsidy savings account, and the programme specifically to improve the quality of life of Nigerians in line with the Transformation agenda of Mr. President.

The Board will have the following responsibilities:

a) Determine in liaison with the Ministry of Finance and Ministry of Petroleum Resources, the subsidy savings estimates for each preceding month and ensure that such funds are transferred to the Funds' Special Account with the Central Bank of Nigeria

b) Monitor and evaluate execution of the funded projects, including periodic Poverty and Social Impact Analyses (PSIA)

c) Update the President regularly on the programme;

d) Periodically brief the Executive Council of the Federation on the progress of the programme;

e) Appoint consulting firms with international reputation to provide technical assistance to the Board in financial and project management;

f) Appoint external auditors for the fund;

g) Do such other things as are necessary or incidental to the objective of the Fund or as may be.

Between 2006 and 2014, close to N4 trillion was spent on the payment of subsidy on petroleum products. This large and rapid growth in payments became a major burden on Government's finances affecting its capacity to finance key developmental projects and threatening the country's macro-fiscal stability. In the light of these pressures, a consultation with key stakeholders was initiated in 2010. These payments assumed a disturbing and unsustainable dimension in 2011. Even more disturbing, as at December 201**1,** the payments had risen to about N2 trillion This amount represented 39% of the total budgeted FGN expenditure in 2011, 151% of the budgeted FGN Capital expenditure, and 4.18% of the Gross Domestic Product. In view of this, Government stepped up consultations towards the full withdrawal of the subsidy. However, in the light of the public outcry, the Government listened to the Nigerian people and revised the plan to have a partial subsidy removal for now. Government plans to reinvest the funds saved from the withdrawal of the subsidy in a combination of programmes to stimulate the economy, alleviate poverty and generally improve the welfare of Nigerians, in addition, the SURE-Programme also has an infrastructure component aimed at transforming the Nigerian economy and tackle the infrastructure gap. About 80% of the re-investible funds will be put into key infrastructure projects as presented in the Table below.

Table :8 SUBSIDY RE-INVESTMENT AND EMPOWERMENT PROGRAMME

S/N	CLASSIFICATION/PROJECT	AMOUNT (BILLION)
A	Social safety nets	
1	Maternal and child health	15.94
2	Public works for youth	5.00
3	Mass transit	8.90
4	Vocational centres	8.60
	Sub Total	38.44
B	Niger Delta	
	Augmentation for east-west road	21.70
C	Works (Roads)	
1	Abuja- Lokoja	25.00
2	Benin-Ore-Shagamu	25.50
3	Kano-Maiduguri Dualization	20.00
4	Portharcourt-Enugu-Onitsha	8.00
5	2nd Niger Bridge (counterpart funding)	5.00

6	Oweta Bridge	5.00
	Sub Total	85.50
D	Transport (Rail)	
1	Lagos- Kano	8.00
2	Portharcourt- Maiduguri	15.36
3	Kaduna- Abuja	10.00
	Sub Total	33.36
E	**Sure- Progamme Board**	
	Consultancy and Logistics	1.00
	Total Reinvested Fund	**180.00**

Source: A citizens' guide to the federal budget: Budgetary office of the Federation, Federal Ministry of Finance pg 28-29

This plan, which was formally launched in January 2012, was christened the Subsidy Reinvestment and Empowerment Programme (SURE-P) and to lend credence to Government's plans and give assurance that the "savings" will be used for the benefit of all Nigerians and invested in the designated programmes, a board made of eminent Nigerians with a proven record of integrity was subsequently constituted to oversee the fund and ensure that the programme improve the quality of life of Nigerians by monitoring, evaluating and reporting on the execution of the funded projects. Under the partial deregulation regime, the projection indicates that N426 billion would be available, of which the FGN's share is projected at N180bn. This has been passed.

The total projected subsidy reinvestible funds per annum is 1.34 trillion naira based on average crude oil price of $90 per barrel. Out of this, 478.49 billion naira goes to state government, 203.23 billion naira goes to local government**,** 9.86 billion goes to the Federal capital Territory (F.C.T) and 31.37 billion as transfer to Derivation and ecology, development of National Resources and stabilization funds (SURE Program: 2011). As shown in table below.

TABLE 9: ANNUAL DISTRIBUTION OF STATE GOVERNMENTS SHARE

S/NO	STATE	ALLOCATION IN (BILLION)
1.	ABIA	
2.	ADAMAWA	7,460,062.24
3.	AKWA IBOM	
4.	ANAMBRA	7,093,217.24
5.	BAUCHI	
6.	BAYELSA	43,406,731.87
7.	BENUE	
8.	BORNO	7,164,697.14
9.	CROSS RIVER	8,309,773.31
10.	DELTA	33,839,652.09
11.	EBONYI	7,659,631.38
12.	EDO	8,451,350.27
13.	EKITI	7,718,686.26
14.	ENUGU	40,965,476.92
15.	GOMBE	5,880,552.17

16.	IMO	
17.	JIGAWA	9,432,709.30
18.	KADUNA	
19.	KANO	5,931,760.50
20.	KATSINA	6,692,449.99
21.	KEBBI	6,291,166.08
22.	KOGI	
23.	KWARA	8,729,126.56
24.	LAGOS	7,848,086.61
25.	NASSARAWA	8,944,553.13
26.	NIGER	
27.	OGUN	11,210,304.04
28.	ONDO	8,525,402.69
29.	OSUN	7,131,000.67
30.	OYO	
31.	PLATEAU	7,113,202.30
32.	RIVERS	6,482.037.63
33.	SOKOTO	10,126,514.01
34.	TARABA	6,073,343.25
35.	YOBE	8,294,895.04
36.	ZAMFARA	
TOTAL		6,932,554.10
		12,554,345.28
		6,575,162.77
		8,283,911.05
		6,956,827.74
		44,628,272.62
		7,395,670.79
		7,005,145.87
		6,952,382.78
		6,973,520.31
		411,034,176.00

Source: The SURE-P Document (2011)

TABLE 10: ANNUAL DISTRIBUTION OF LOCAL GOVERNMENTS SHARE

19.	KANO	44	11,712,750.53
20.	KATSINA	34	8,563,272.60
21.	KEBBI	21	5,319,281.53
22.	KOGI	21	5,513,261.00

23.	KWARA	16	4,234,044.54
24.	LAGOS	20	7,114,676.51
25.	NASSARAWA	13	3,388,143.83
26.	NIGER	25	6,865,934.91
27.	OGUN	20	5,080,656.46
28.	ONDO	18	4,689,711.39
29.	OSUN	30	6,391,233.41
30.	OYO	33	8,172,704.52
31.	PLATEAU	17	4,678,163.80
32.	RIVERS	23	6,125,835.15
33.	SOKOTO	23	5.872,227.28
34.	TARABA	16	4,674,398.11
35.	YOBE	17	4.533.026.64
36.	ZAMFARA	14	4,255,704.32
37.	FCT-ABUJA	6	1,811,053.26
TOTAL		774	203,235,480.00

Source: The SURE-P Document (2011)

2.9:2.1 Other Social Programs

The following are other mechanisms adopted by Nigerian governments to cushion the effects of previous fuel price hikes and a review of mechanisms employed as instruments of social protection to help the poor and vulnerable segments of the

Nigerian population. These include;

a) Universal cash transfers

b) Targeted cash transfers

c) Targeted fuel subsidies or dual pricing

d) Transport vouchers

e) Fuel vouchers

f) Other vouchers or subsidies (e.g., education)

g) Rural electrification programs

h) Lower electricity tariff for poor households

i) Gradual fuel price increase

j) Directed social spending

k) A portfolio of relief measures (e.g., transport vouchers plus tax rebates for essential

commodities such as staple foods, drugs, etc.)

Variants of some of these measures have been applied in Nigeria either as instruments for cushioning the impact of hikes in the price of fuels or as part of economic empowerment programs targeted at the poor and vulnerable segments of the Nigerian population. Some of these programs include:

a) Free school meals for school children

b) Free basic education

c) E-Wallet for farm inputs for smallholder farmers

d) Care of the people (COPE) program of NAPEP

e) Vocational skills development program of the NDE

f) Special public works program of the NDE

g) Mass transit programs

h) Free maternal health care under SURE-P

i) Graduate internship scheme under SURE-P

j) Road construction and rehabilitation under SURE-P

k) Skill acquisition programs and loan scheme for poor women.

Considering the effectiveness of these programs in the past, the global experiences with similar programs presented in this study, and the social and economic diversity of Nigeria, it is our view that a portfolio approach to compensating the poor would be most beneficial for addressing the impact of fuel subsidy removal. Accordingly, a portfolio of compensation mechanism for achieving the short term gains of cushioning the immediate impact of fuel subsidy removal, while also making significant contribution to the realization of the long-term objective of poverty eradication is suggested. This portfolio of mechanisms for future reforms could include the following measures, which can be combined as appropriate to reflect the needs and capacity of each state and the FCT.

1. Transport vouchers
2. Mass transit schemes
3. E-Wallet for smallholder farmers
4. Free school meals for school children
5. Free health care for the vulnerable
6. Cash transfer scheme
7. Vocational skills development program

2.9.2.2 Transport Vouchers

Target Beneficiaries

As demonstrated in Mozambique, transport vouchers can be used to cushion the effect of high transport fares that may follow the removal of fuel subsidies. The vouchers would be issued to people identified as vulnerable to fuel price hikes. In Nigeria, public sector workers and students are relatively easy to target for transport vouchers. These two categories of people have also been the most strident protesters against the removal of fuel subsidy in the past. Before the implementation of the transport vouchers scheme, a sensitization and communication strategy would be necessary to gain the support of these critical segments of the population for the transport vouchers. The potential benefits of the transport voucher scheme are:

1. Public sector workers and students are able to receive immediate relief from the pain of increased transport fares.
2. Resistance of removal of fuel subsidy is considerably reduced.
3. More public sector workers would prefer use of mass transit buses to personal cars for

   commuting to work, thus reducing the number of vehicles on the road and reducing the level of carbon emissions by vehicles.
4. Students receive a new education subsidy in the form of transport vouchers.
5. A transport voucher scheme is adaptable to provide compensation over the short, medium or long term, as deemed most appropriate by policy-makers. If a short- or medium-term policy was introduced, the value of vouchers could be gradually reduced in the months after the economy has recovered from the shock of any fuel price increase.

2.9.2.3 Mass Transit Schemes

Target Beneficiaries

Mass transport schemes are not new to the country and have in the past been used as a short-term palliative measure for cushioning the effect of hikes in the price of PMS. The target beneficiaries include a broad spectrum of the population such as workers in both public and private sectors, commuters in urban areas and rural dwellers that have business engagements in urban areas. Private sector transport companies and informal sector commercial transport operators are also target beneficiaries. This is because the commercial transport business in Nigeria is dominated by the private sector, and public sector participation should aim to provide a synergy for efficient transport service delivery. The primary objective of a mass transit scheme would be to keep transport fares low and affordable for the poor. It is expected that the availability of new mass transit buses will make existing transport operators cautious in raising prices.

The potential benefits of the mass transit scheme are:

1. Stabilization of transport fares after fuel subsidy removal, especially by keeping transport fares at levels affordable to the poor.
2. Job creation arising from employment of new transport services personnel that will operate the new mass transit buses.
3. Formalization of the informal sector transport operation.
4. Improved efficiency of existing mass transit schemes.

2.9.2.4 E-Wallet for Smallholder Farmers

Target Beneficiaries

The main objective of the federal government's existing E-wallet program is to provide smallholder farmers direct access to subsidies for the procurement of farm inputs. The E-wallet program has proved highly successful in delivering subsidy to intended beneficiaries. A major constraint on the program is the lack of sufficient funds to scale up its level and reach. The target of the E-wallet program should remain the smallholder farmers whom it has empowered to expand output and improve their incomes, while contributing to the reduction of food import-dependency in the economy. A considerable part of savings from fuel subsidy removal should be invested in the E-wallet program in order to improve its performance.

Under the E-wallet program, a farmer is entitled to one free bag of fertilizer (₦5500 (USD 28): a farmer buys two bags but pays for one. If a farmer buys four bags, he or she gets one bag free and pays for three bags. This program could be increased to a subsidy for two bags under the condition that the farmer pays for two bags. The E-wallet cost-sharing formula would be: the government pays 50 per cent of the cost of two bags of fertilizer (federal government, 37.5 per cent and state government, 12.5 per cent) while the farmer pays 50 per cent of the cost. By this cost-sharing formula the level of subsidy payment by the state governments and FCT is retained at the cost of half a bag of fertilizer, as in the extant E-wallet cost-sharing formula. This E-wallet compensation program is expected to encourage more farmers to obtain four bags of fertilizer, which will enable them to increase the amount of land that they cultivate. In effect, there would be further improvement in farm output and improved interest in agricultural production in the rural areas.

2.9.2.5 Free School Meals for School Children

Target Beneficiaries

The target beneficiaries of free school meals should be children from poor households. Free school meals should be encouraged and supported in states that have similar programs. A conditional grant should be established to assist other states to embark on free school meals.

The main objective of the free school meal program is to encourage school attendance by children and wards of rural and urban poor populations to help them concentrate at school and assimilate their lessons. The program should primarily focus on states with lower school enrolment than the national average. The meals provided should mainly come from local agricultural produce to foster backward linkage effects. We estimate that it would cost ₦200 (USD 1) per meal to provide a decent mid-day meal for a child. Due to the expensive nature of this program, it should begin with a pilot of 2,000 pupils per state. States that desire to increase the number should provide resources to fund the additions. The beneficiary schools should be selected based on the criteria of location within areas of relatively low school attendance in rural and urban poor areas. At the rate of ₦200 (USD 1) per meal and 2,000 pupils per state and the FCT, the free school meal program would cost ₦14.8 million (USD 74,000) per day and ₦74 million (USD 371,000) per week. If a term is approximately 14 weeks and there are three terms in a year, the pilot free school meal program would cost ₦3.1 billion (USD 16 million) annually. As more funding resources become available, the pilot scheme can be scaled up and even extended to secondary schools.

2.9.2.6 Free Health Care for the Vulnerable

Target Beneficiaries

A free health care program for children up to the age of 5, pregnant women and the elderly should be implemented to reduce the vulnerability of the poor to morbidity and mortality due to inability to pay for the high cost of health care services.

2.9.2.7 *Program Design, Cost Estimates and Potential Benefits*

The program of free health care for the vulnerable should be an improvement on the maternal and Child Health (MCH) program under SURE-P. Under the MCH program there are 500 SURE-P supported Primary Health Care Centres (PHCCs) spread across the 36 states and the FCT (Nwosu & Ugwuerua, 2014). These PHCCs should be equipped with necessary health care infrastructure and improved working conditions to retain health care workers and improve services. As of July 2013, the total workforce at the 500 SURE-P supported PHCCs was 6,630. These workers provide health care services that include quality antenatal, skilled birth delivery and post-natal services to previously underserved rural poor women. We propose that after a careful audit of the 500 PHCCs, a grant of up to ₦5 million (USD 25,000) each should be made available for their upgrade to improve the health infrastructure. A quarterly grant of ₦1 million (USD 5,000) should be provided to each of the PHCCs for the purchase of essential drugs and critical health materials and consumables that may not be affordable by the poor.

2.9.2.8 Cash Transfer Scheme

Target Beneficiaries

The cash transfer scheme would offer cash allowances to unemployed graduates of tertiary institutions while undergoing internships in corporate or government organizations to acquire practical skills and experience that would make them employable, as well as to those engaged in direct labour public works projects.

2.9.2.9 Vocational Skills Development Program

Target Beneficiaries

The vocational skills development program should be based on the existing National Open Apprenticeship Scheme (NOAS) of the NDE. NOAS is aimed at making young secondary school leavers acquire vocational skills to enhance their capacity for self-employment. School leavers and the master craftsmen that facilitate the trainings are the target beneficiaries of the program. The program should also admit unemployed graduates that are interested in vocational training.

Program Design, Cost Estimates and Potential Benefits

The National Open Apprenticeship Scheme (NOAS) is a vocational training program that operates in the informal sector with micro, small and medium-sized enterprises. Under the program young secondary school leavers are recruited as trainees and deployed to the relevant informal sector enterprises to learn their desired vocational trade. They are paid stipends to take care of daily transport expenses and possibly subsistence costs, while the master craftsmen are paid monthly fees for admitting the trainees as apprentices in their enterprises. On successful completion of the training program, a graduate of NOAS is eligible for a resettlement loan managed by the National Directorate of Employment (NDE) or may be linked to development banking institutions such as the Bank of Agriculture, Bank of Industry and Microfinance Banks to access enterprise development loans.

The cost of the program encompasses stipends for the apprentices and training fees for master craftsmen. Training fees will vary by trade. We estimate an average training fee of ₦10,000 (USD 50) per trainee per annum. We also assume a stipend of 30 per cent of minimum wage per month (i.e., ₦5,400 per month (USD 27) for each trainee. We recommend that each state and the FCT should recruit 1,000 trainees. The trainees' stipend would cost ₦199.8 million (USD 1 million) per month and ₦2.4 billion (USD 12 million) per annum. The trainers' fees are estimated at ₦370 million (USD 1.9 million) per annum. The total annual cost of the vocational skills development program amounts to about ₦2.8 billion (USD 14 million) on the assumption that the program would be implemented within the existing NDE framework.

The main benefit of the vocational skills development program is job creation by apprenticeship graduates who would subsequently become entrepreneurs and potentially operate their own businesses. While undergoing training, the apprentices provide labour for their trainers and thus contribute to the growth of their businesses.

2.10 Stylised Facts on Fuel Subsidy

2.10.1 Stylised Fact i: Gasoline Constitutes the Highest Form of Energy Consumption

The consumption of petroleum products continued to be on the increase in the past years due to economic growth (Adagunodo, 2013). Four main forms of energy consumed in Nigeria include PMS also known as petrol or gasoline, diesel (AGO), kerosene (DPK) and gas (LPG). Petrol consumption as represented with the sales in the domestic market by PPMC is the highest compared to other forms of energy consumption in Nigeria and Lower prices due to subsidy and lack of alternative for petrol are likely factors for this increase. The 10-year analysis period evidently shows that the consumption of petrol was high throughout compared to diesel and kerosene as petroleum products. The refineries are only able to meet about 20 percent of fuel demand, while the balance of 80 percent is imported to avoid scarcity.

According to ADR (2012), Nigeria has been subsidising fuel since the 1970s. Government had been controlling petroleum prices in the domestic market since 1973 when the government took over from the private oil companies (Adagunodo, 2013). The nature of the demand and supply of fuel in Nigeria is such that it is inelastic and subject to a subsidy and price fixing effect (Adagunodo, 2013). This implies that alternatives to the use of gasoline, kerosene and diesel by consumers, is difficult. The Nigerian government instituted some consumption and production related policies and of the consumption-related policies, the fuel subsidy policy stands out. The goal of this policy is to support local consumption of petrol which necessitates the government to make provision for a certain percentage of the marginal cost of supplying the petrol (Onyemaechi, 2012). This was intended to help avoid disruption to the distribution of petrol while also ensuring that the transportation network is as effective as possible.

2.10.2 Stylised Fact ii: Petrol Subsidy had Been Increasing and is Unsustainable

Ordinarily, petroleum product prices in Nigeria ought to be theoretically derived from international crude oil prices. In other words, the import price should be reflected (Onyemaechi, 2012). However, this has not always been the case for different reasons such as socio-political reasons. What always happens is that government decides to subsidise price of petrol so as to make it cheaper and pay the difference between international price and domestic price. This subsidy payment by government has, however, on the average been on the increase over the years as shown in Figure 4.1. Thus, the assertion is that, these payments continue to rise yearly and with dwindling government revenue, they are unsustainable. Cantore et al. (2012) attributed these increases to be partly due to increasing oil prices in the international market and depreciating exchange rates.

Figure :1 Petrol Subsidy in Nigeria (Nbillion) 2006-2016

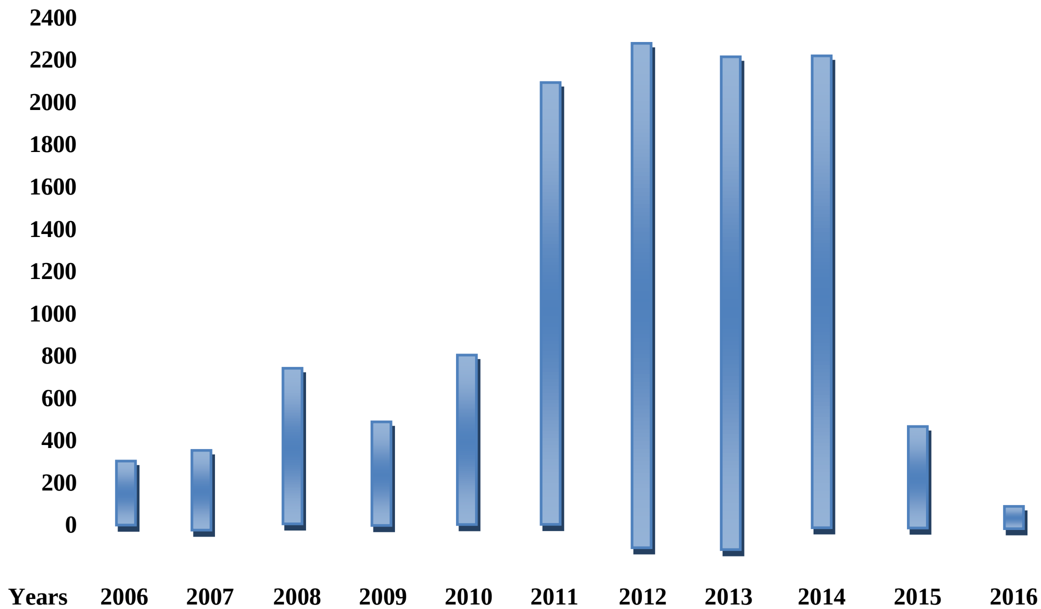


Figure 2: Petrol Subsidy in Nigeria (Nbillion) 2006-2016 Source:
NNPC Bulletin (2016), WDI (2016).

The payment reached a peak of N1.9 trillion in 2011 which was revised from N1.3 trillion according to the NNPC Statistical Bulletin (2014). This figure reduced to about N1.04 trillion in 2012 and further to N951 billion and N853 in 2013 and 2014. In 2015 with the new administration of Mohammadu Buhari led government, subsidy payment subsided to N654 billion and 2016, N24 billion respectively. It is important to note that these figures are estimates based on the subsidy paid on each litre of petrol and total petrol consumption. This is evident from indications that the amount is likely larger than the reported as there were supplementary payments made to marketers during the year. This has been a critical issue in Nigeria, especially as it relates to the actual amount paid on subsidy. Also, it was observed that different institutions of government provide varying figures.

Furthermore, payment of subsidy had been argued to divert resources from priority sectors such as health, education, infrastructure and communication. An analysis of the 2013 budget showed that provision made for fuel subsidy constituted about 20 percent of the entire budget. The allocation for fuel subsidy was also about 10 times more than the appropriation for agriculture and rural development (N81.41 billion), thrice the amount for health (N279.23 billion) and twice the allocation for education (N426.53 billion).

These are sectors which are expected to propel economic growth. However, government had been making efforts at eliminating these subsidies through strategic reforms of various agencies. The reform agency had helped the PPPRA to eliminate previous manipulation of the bill of laden and generate savings for the government. The reality that the subsidy payment is not sustainable eventually led the government to stop subsidy on petrol in May 2016 which then placed petrol price at N145 per litre. This is reflected in the PPPRA revised template as shown in Table 16 where provision for fuel subsidy had been removed. This is expected to resolve the problem of scarcity experienced across the country, reduce smuggling to neighbouring countries and attract more investment to the energy sector.

Table 11: PPPRA Pricing Template-May 2016

S/N	Cost Element	Naira/litre
1.	C+F	111.30
2.	Lightering Expenses	4.56
3.	NPA	0.84
4.	NIMASA Charge	0.22
5.	Financing	2.51
6.	Jetty Thru'Put Charge	0.60
7.	Storage Charge	2.00
	Total Landing Cost	122.03
Distribution Margins		
8.	Retailers	6.00
9.	Transportation Allowance (NTA)	3.36

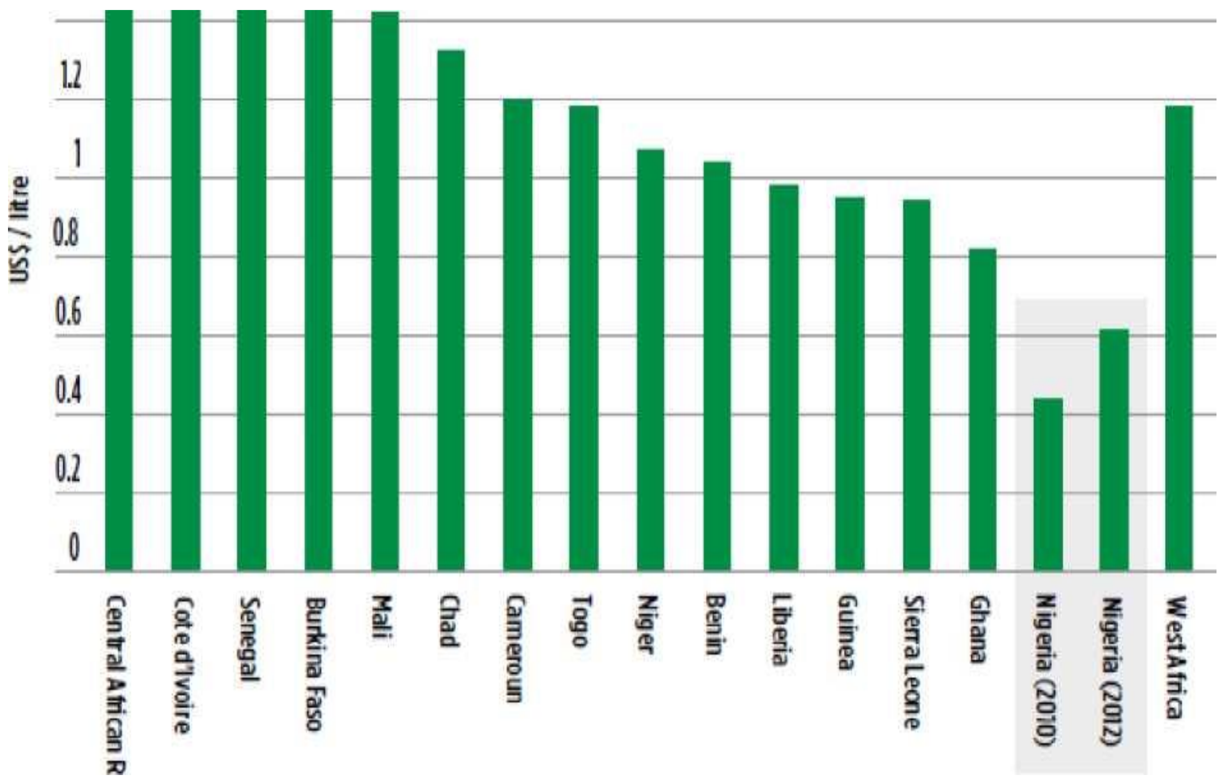
10.	Dealers	2.36
11.	Bridging Fund	6.20
12.	Marine Transport Average (MTA)	0.15
13.	Administrative Charge	0.30
	Total Margins Total Cost	18.37 140.40

Source: PPPRA Website

2.10.3 Stylised fact iii: Prevalence of Petrol subsidies encourages Smuggling activities

In addition to the large fiscal burden of these subsidies, they also encourage smuggling of energy products across the border which is due to the relative low price of petrol in Nigeria. This is evident from figure 12. The subsidisation of fuel price reduces the price of petrol compared to neighbouring countries, this result in dealers smuggling fuel at cheap prices from Nigeria to neighbouring countries such as Benin, Cameroun, Chad, Ghana, Mali, Niger, Togo, and others. They are sold at higher prices in those countries thereby creating scarcity in the domestic economy. Figure 4 compares petrol price in US$ per litre in Nigeria with some selected countries. It is observed that Nigeria has the lowest price for petrol. Interestingly, as pointed out by Isihak and Akpan (2012), Nigeria unlike many other countries, despite subsidies, does not have tax element in their retail price.

Figure :2 Showing Fuel Price in Neighboring Countries and West Africa Region



Source: CPPA and IISD Citizen's Guide to Energy Subsidies in Nigeria 2015

Table 12: Petroleum Product Prices in Selected Countries in US$ per litre (2014 Figures)

Country	Retail fuel price	Gasoline	Diesel	Tax as % of Gasoline Ret
Cameroon+	Ad-hoc	1.24	1.14	-
Gabon*	Ad-hoc	1.02	0.90	43.2
Ghana+	Automatic	1.06	1.03	47.5
Kenya+	Liberalised	1.21	1.07	26.6
Nigeria*	Ad-hoc	0.56	0.84	None
India+	Ad-hoc	1.10	0.91	55.1
Philippines+	Automatic	1.05	0.82	25.9
Russia*	Liberalised	0.81	0.75	30.8

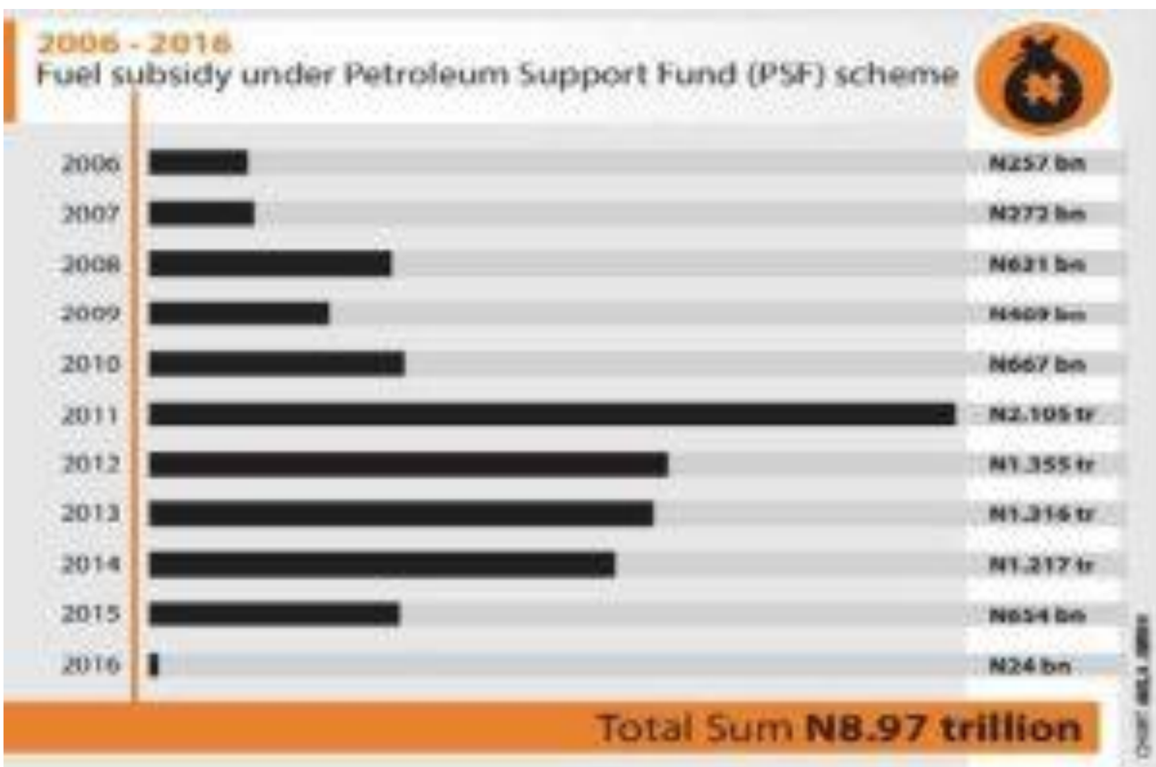
Source: World Bank Online Database (2014) Note: +net oil importer and net oil exporter

2.10.4 Stylised fact iv: Fuel Price had continued to be on the increase despite Subsidy

There have been many attempts to reduce subsidies on petroleum products in Nigeria, and these attempts had at times, resulted in long public protests and policy reversal in the form of cancellation or reduction of the planned price increases. The trends in petroleum product pricing in Nigeria has a long history as indicated in Table 13 Adagunodo (2013) described different price increases by different regimes in Nigeria as an attempt towards the removal of fuel subsidy. In 1976, fuel price was raised from 8.45 kobo by General Yakubu Gowon to 9 kobo by the late General Muritala's Administration. It then became 15.37 kobo on 1st of October, 1978 and this change was made by General Olusegun Obasanjo. There was another hike on April 20, 1982, when the price became 20 kobo.On March 31, 1986, General Ibrahim Babangida increased pump price of fuel to 39.5 kobo and in April 1988, it was increased to 42 kobo per litre. On January 1, 1989, another increase was announced whereby private car were to pay 60 kobo per litre while commercial cars continued paying 42 kobo.

According to Adagunodo (2013), the failure of price discrimination policy led to the announcement of a uniform price of 60 kobo per litre on December 19th, 1989. In March 1991, the retail price of fuel was further increased to N0.70 per litre. In November 1993, the pump price became N3.25 per litre and in November 1994 it was raised again to N11.00 per litre. In December 1998, it increased to N30 and reduced again to N25. The price was further reduced to N22 per litre on June 2000. On January 1st, 2002, it was again hiked to N26 per litre from N22, later it was increased to N40 per litre on June 23, 2003. There was another increase in price on 29th May, 2004 to N50. This was later increased to N65 in August of the same year and hiked to N75 per litre on 27th May, 2007. However, following oppositions, it was reduced to N65 per litre in June 2007. This was sustained till January 1, 2012, when the President announced the price increasing to N141 per litre. After protests in various parts of the country by organised labor and civil societies that led to a shutdown of the economy making the nation loose close to N300 billion in the five days strike; government agreed to lower the price to N97 per litre. Furthermore, given the decline in crude oil price, government further reduced fuel price to N86 in April 2015, however, under a new administration and the need to attract investment to the energy sector, government eliminated subsidy on petrol and this brought the price of petrol to between N140 and N145. These are represented in Table below.

Figure 3: Fuel Subsidy under Petroleum Support Fund Scheme



Source: Petroleum Product Pricing and Regulatory Agency (PPPRA) Report, 2016

As it is argued by the Petroleum Products and Pricing and Regulatory Agency (PPPRA) that over N8.97 trillion has been expended on fuel subsidy under Petroleum Support Fund (PSF) scheme between 2006 to 2016. PSF scheme was introduced by the former President Olusegun Obasanjo led government as a regulatory mechanism put in place to insulate Nigerians from the fluctuation in international crude and products prices, and stabilize domestic utilization of petroleum products. In a breakdown made available to Daily Trust in Lagos, December, 1st 2018, PPPRA argued that at the commencement of the programme in 2006, a total sum of N257 billion was expended on subsidy, N272 billion in 2007, N631 billion, 2008, N469 billion in 2009, N667 billion in 2010 while in 2011, government pumped N2.105 trillion into payment of subsidy.

In 2012, N1.355 trillion was expended, in 2013, N1.316 was spent, 2014, N1.217 trillion but in 2015, with the new administration of Mohammadu Buhari led government, subsidy payment subsided to N654 billion and 2016, N24 billion. A further analysis of the spending shows that between 2011 and 2015, under former President Goodluck Jonathan, the nation recorded huge spending of N5.993 trillion, against N2.296 trillion recorded under former President Olusegun Obasnjo. Speaking at the just concluded Oil Trade conference in Lagos, Executive Secreatry, Abdulkadir Saidu Umar represented by Mr. Olasupo Agbaje, General Manager Corporate Servises, attributed the huge spending to non-functional and low capacity utilization of refineries resulting in inadequate supply from local refineries (Daily Trust, December 1, 2018).

He further stressed that the existing four local refineries with 445,000barrels per day capacity only contributed about 10 per cent in the past five years to the national Premium Motor Spirit or petrol supply. “The sudden rise in the spending to the crashing global crude prices since 2014 which led to various macro-economic challenges confronting the country, major economic indicators have suffered debilitating setbacks. In addition, huge price disparity from neighbouring countries, where prices are higher has encouraged smuggling of petroleum products across borders.

2.11 Rationale for Oil Subsidy Removal

The perennial reasons for oil subsidy removal have been given by the previous and present administrations. The government has enumerated so many reasons, one of which is the “cabal” issue. According to Wikipedia, the free encyclopedia, a cabal is a group of people conspiring in plotting an illegal or evil activity. Also, they are few corrupt individuals that are united to promote their private interest. Therefore, the government strongly believes that this group is responsible for large scale corruption in the downstream oil sector. These groups of people have disregarded the value of Nigerian culture. According to Dukor (2010), the value of culture in Nigeria goes beyond ethnic and norms, for him, values are embedded in African culture of which corruption is a direct opposition and against norms and values. It is pertinent at this point to enumerate some of the reasons for oil subsidy removal. They include social, economic, security, health, infrastructure, power supply, poverty alleviation, transportation, communication, education, technology, job creation and other social amenities etc.

2.11.1 To Curb Corruption in the Oil Sector

Corruption is one of the major problems affecting every sector of Nigeria. According to Igwe (2010, p. 13), “corruption has tragically devastated African societies and made millions of people destitute. From South Africa to Egypt the tentacles of corruption reach everywhere. From the offices of presidents and prime ministers to the smallest administration unit of government corruption is everywhere”. Majority of the citizens however are eager to see that corruption is eradicated in Nigeria even though it looks intractable. As asserted by Juliet 2012, quoting Diezeani in leadership newspaper of 11th January 2012, “corruption has been one of the burning issues in Nigeria”. It is asserted by government that only some people benefit from the subsidized fuel. These people, they claim, buy Nigerian refined oil at N65 per liter and smuggle it out to neighboring countries like Chad Republic and Benin Republic, whose fuel products are equivalent to N200 per liter. In a situation whereby the subsidy is removed, corruption would be tackled and masses are likely to benefit from their oil once again. The changes in the fuel marketing and distribution network will be checked as several importers and independent marketers, which hitherto exploited government subsidies, will be eliminated from the fuel supply chain.

2.11.2 To Create Jobs for the Citizens

The erstwhile President Goodluck Jonathan had job creation as one of his transformation agendas. The term fuel subsidy entails wealth creation as it will enhance income, this income, will be translated into more savings and investment and of course greater income.

This savings and investments are what translate to development and development leads to fuel subsidy removal of Jonathan's administration. He believed that, creating jobs will help transform the entire economy. According to Abiola in Tell Magazine of 2012, President Goodluck, during a nationwide broadcast on January 1st, 2012, said "the aim of the oil subsidy removal was meant to create massive employment for the teeming unemployed youths of Nigeria. Unemployment has become a major illness ravaging the social fabrics of Nigeria.

Graduates of different categories are storming the labour market without any commensurate job opportunity. In fact, unemployment has dragged the idle minds of many youths into so many social ills to make ends meet. Ituma (2008, p. 23) observed that "corruption in Nigeria cannot be adequately handled if youth's development is not adequately addressed". Therefore, job creation is one of the responsibilities of a good government. Nigerian government decided to increase the fuel price to enable them to get more money, which will be channelled into industrialization whereby employment opportunities will be made available for the youths.

2.11.3 Provision of Steady Power Supply

Power and energy remain the most vital infrastructure needed to power Nigeria's development. According to Igwe (2010, p.23), the availability of uninterrupted electricity is a sin quo non for running of businesses in Nigeria. The manufacturing sector, agro-based industries etc need energy to carry out their businesses. Igwe (2010), availability of consistent power will lower the cost of production, as companies and individuals engaged in small and medium scale businesses would not have to rely on generating sets, with attendant high cost of fuel (petrol and diesel). Therefore, one major reason for fuel subsidy according to Jonathan's administration is that, when power is readily accessible and cheap, business concerns will make more profits and will run at optimum capacity; thereby generating more money for government through tax, as well as employing more people.

2.11.4 Poverty Eradication and Alleviation

Poverty is a big problem confronting the third world countries of which Nigeria falls in. Chuta (2004, p. 56) listed poverty as one of the principal causes of intra-communal crises, armed robbery and other social vices. The same was acknowledged by Abdulsalami (2009, p. 327) when he reported that the Sultan of Sokoto Alhaji Saad Abubakar II, opined that "poverty contributed to many crises ravaging the state of Nigeria". According to the U.N.O. any group of people that lives by less than one dollar per day is poverty stricken. Recently, the World Bank had it that more than 100 million Nigerians lives on less than one dollar per day. All these indices fueled the agitation for the removal of oil subsidy by the Nigeria government. According to Ezeani, (2012, p. 37).

Step towards the eradication of poverty and hunger in Nigeria has been very slow. Although the Gross Domestic Product (GDP) and the rate of economic growth have improved over the last decade, this has not led to more jobs or less poverty. For example, the GDP at 1990 constant prices increased from 6.03% in 2006 to 6.60% in 2007 and fell slightly to 5.98% in 2008. The "GDP grew by 6.96% and 7.87% in 2009 and 2010" (NBS, 2010, p.8). The percentage of the population living below the poverty line increased significantly from 27.2% in 1980 to 69% in 2010. It is obvious that poverty is one of the major problem facing Nigerians, unless poverty is tackled Nigerian will continually be underdeveloped.

2.12 Benefits of Oil Subsidy Removal in Nigeria

If there is one positive thing that has come out of this experience for Nigerians, it is that it has united Nigerians irrespective of class, ethnic, regional and religious divides. It has brought Muslims and Christians from the north and South together at a time when the country was going through unrest due to regional and religious differences. Many are beginning to understand that these artificial divides are politically motivated and based on sentiments that can only further divide the country. In addition, for the first time ever, young men and women, the unemployed and employed across board were chanting the same tune. The masses spoke against real issues that affect all citizens and holding leaders accountable for their activities which was one of the ways to achieve meaningful socio- economic development, stability and lasting peace in the country. These benefits include, the creation of a better foreign investment climate and infrastructural development.

2.12.1 Improvement of the Economy by Creating Favorable Climate for Investment

There is no serious investor that will like to plunge his capital into a regulated oil industry. It is only when there is full deregulation that it can attract investors to build refineries and develop the other downstream sectors. For the idea of saying no deregulation is like "wanting to eat our cake and still have it". Also, as its removal creates conducive climate for investment, it will give room for a competitive market, and the result of such is a continual drop in prices of petroleum products to the delight of Nigerians. Take for instance, the telecommunication sector; due to the fact that it was deregulated, we are now left with several options from where to choose the most suitable and preferred network services.

2.12.2 Infrastructural Development

The savings accruing from the withdrawal of oil subsidy, could now be fully channeled to key sectors of the national economy, like education, steady water supply, electricity, good road, good healthcare services, agriculture etc. which virtually have been receiving little attention in the past budget allocations. These can help enhance the standard of living of Nigerians and will also open more ways of improving the economy of Nigerians.

2.13 Negative Effect of Oil Subsidy Removal in Nigeria

It is a common knowledge today that the increase in the pump price of petroleum products has worsens inflation and poverty in Nigeria and many workers will loosed their jobs as companies will find it difficult to cope. The effects of the oil subsidy removal are as follows.

2.13.1 Increase in the Cost of Living

Usually, whenever there is increase in pump price of fuel it is immediately followed by increase in other services. The effect of the subsidy removal extended to other social spheres of life, ranging from increase in school fees, transportation fare; house rent etc. According to Kalu (2011), fuel as an industrial commodity is also important to oth er sectors of man's activities. Removing the oil subsidy is like removing two square meals from the tables of over one hundred and forty million Nigerians. Immediately the subsidy was removed and the price of fuel increased, there was multiple increases of goods and services in Nigeria, e.g., there was astronomical increase in tuition fees, transportation, house rents, food items, and other basic commodities. This gave room for multiple increases of goods and services in Nigeria.

2.13.2 Mistrust of the Government

Nigerians are no longer comfortable with the promises of the Government. During the Eight (8) years of Obasanjo's administration the pump price of fuel was increased by the Government promising to improve the Nation's economy, infrastructure and create jobs for the youths. But till date, little or nothing was achieved. According to Adogah (2011), he maintained that this is a typical scene of how Government pays the people in return after removing the partial subsidies in the past. Because of this, the people now had reasons to mistrust what the Government said concerning fuel subsidy removal in Nigeria. According to Onoho, in Guardian newspaper (2012), one of the analogies in public policy is illustrated by the statement of Mario Soares upon his assumption for the second time in office as the Prime Minister of Portugal in 1983. He told his countrymen that his government will be austere, uncompromising, and unpopular. According to him, this is what he required to achieve the economic recovery of Portugal unfortunately, this was against the manifesto of the Goodluck's administration prior to his coming into office; he had in his manifesto that the price of fuel will be reduced from N65.00 to N40.00. This made the electorate to vote for him. The President was a beneficiary of the civil society struggle for good governance but with the increase in fuel price, he has made his government unpopular and people cannot trust his government again.

In a similar vein, Nigerians were promised a sharp drop in petrol price from N87 to about N40 per litre, by the present administration of President Muhammadu Buhari during one of his campaign promises in 2015. Also, in an interview with Vanguard, the former minister of Petroleum and Energy, Prof. Tamunoemi David West argued that Nigeria produces millions of barrels of crude oil daily, and if properly harnessed will boost the performance of the industry. In his words: "I want to assure you that by the time Muhammadu Buhari takes over, petrol will be dispensed at N40 per litre. This is possible and he has the credibility to make it work. The major assignment of the President Muhamadu Buhari when he is eventually inaugurated is to restore confidence to the industry. He noted that the president-elect is familiar with the petroleum industry, adding that he is a straight forward person that has respect for democratic principles. “As military head of state, he dealt with the Federal Executive Council with the tenets of democracy. Buhari will build new refineries to make petroleum products available for the masses. No responsible government will allow the masses to suffer. “He will strengthen the refineries within a year. It is possible as we won’t spend any amount in setting up a green field refinery. We already have a blueprint as we shall use what we have to get what we want,” he added. He further stated that on many occasions, the president – elect had disclosed that the subsidy initiative is a fraud which has distorted the progress expected in the sector. Nigerians are yet to witness the implementation of the age-long promises of the administration. Though Nigeria is one of the richest oil producing countries in the world, but 70% of its citizens are living below poverty line.

2.13.3 Increase in Crimes/Civic Disturbance

There was insecurity, robbery, bomb blast, kidnapping, hostility and many others among the citizenry during and after the removal of fuel subsidy in Nigeria. Suffice to say that kidnapping has never been part of Nigerian culture, but due to hardship, some people decided to employ themselves by indulging in different types of crimes. This therefore, increases the crime rate in Nigeria which destroys the image of the Nation both inside and outside the country. According to Adeola (2012), Nigeria is one of the highest rated corrupt Nations in the World.

2.13.4 The Looming Insecurity Problem

Security is paramount for the sustenance of any society. Ngozi (2004) noted that, the lives and property of the citizens and other residents must be protected by the government, because no nation can survive in a state of anomie. Since the inception of the present democracy in 1999, the Nigeria nation has been bedevilled with a lot of security crisis. These include armed robbery, ritual killings, religious riots, community and tribal wars, kidnapping and outright sabotage of Nigerian economy through the destruction of oil installations by Niger Delta Militants. Therefore, in other to put an end to this already problems of insecurity in the country became one major tenet for fuel subsidy removal according to Goodluck Jonathan' administration.

2.13.5 Increase in Poverty

There is no firm meaning of poverty because it is a physical matter and relative in nature. Ngozi (2004) quoting Kennet Gailbraith, those affected by poverty have: 1) Insufficient food; 2) Poor clothing; and 3) They live in crowded and dirty shelter.

Nevertheless, the believing is that, fuel subsidy removal, will overhaul and complicate the pattern of living of the populace. The removal will skyrocket the prices of goods and services in the country. From purchasing a car to buying salt and maggi, the story has been the same as even a grandmother that sells firewood has subsidy removal for the excuse of her price increase. So the order of the day became a reign of hardship and pain, especially on the common man who is either unemployed or is seated below the very meager minimum wage.

2.13.6 Widening of the Communication Gap between People and Institutions

The primary lubricant of social life is communication. In the wake of the fuel subsidy removal, transportation costs skyrocketed to about 250% and even telecom service providers threatened to increase their tariffs or call rates since most of their activities depends on petrol for their powering. The above scenarios being the case, the communication link between people and institutions was hampered.

2.13.7 Increase in Social Vices

As a result of the effect of the removal of fuel subsidy, hardship became the order of the day making some people do dirty jobs like prostitution; armed robbery etc. Bribery and corruption came on the increase as fraudsters are now hanging all around the streets lying in wait for the next catch. Social vices are on the increase, the safety and well-being of the entire nation is hanging on a balance as Boko-Haram, kidnapping etc. are the order of the day. This was in accordance with what John Kockels, in Dukor (2010). According to him, there is no natural proactivity of men to hurt one another.

Researchers and scholars with varying background, orientation and motivation have examined the problem of fuel subsidy over the years. Among such authors are the IMF (2013), PPPRA (2012), Onyeizugbe, and Onwuka (2012) and Majekodunmi (2013) among others. They agree that subsidies exist when government assist consumers to obtain commodities below the prevailing market price or the producers (and marketers) sell below the cost of production. Extant literature also agrees that fuel subsidy programme is neither unique to developing countries, new nor peculiar to Nigeria as it enjoys a widespread application across the world. In addition, available literature indicates that subsidies are introduced for a number of economic reasons. They include alleviating energy poverty and improving equity, increasing domestic supply, national resource wealth redistribution, correction of externalities and controlling inflation. Nevertheless, research shows that oil subsidy regimes Nigeria has been fraught with many complexities that have beclouded its intended effects on the masses (Ehinomen and Adeleke, 2012). This has led to conflicting figures on the cost of subsidizing oil in Nigeria, the actual volume of domestic consumption as well as the actual beneficiaries. While the government believes that the process appears to benefit the marketers, the masses contend that discontinuing the process would bring more hardship and pain on the people as changes in the prices of petroleum products in Nigeria tend to have a ripple effect on the prices of goods and services. Indeed, available literature shows that the proponents of subsidy removal such as World Bank (2012), IMF (2013), Grendao (2012) and Kemp (2011) contend that the downstream activities of the oil industry should be completely deregulated to allow private sector and entrepreneurs' full participation in the distribution of the products so as to drive effectiveness in the sector. Notwithstanding, it is apparent from the above review that the concomitant effects of oil price increment, probes and protests in relation to development the country buttressed by living standards, revenue accounting and economic stability, appear to be lacking in incremental systematic treatment of their relatedness, complexity and utility maximization in public choice analysis. This study therefore, fills this gap in literature. The study seeks to

determine if the incremental increases in the pump price of fuel undermine living standards of Nigerians. The study will also juxtapose the perennial politics imbedded in the oil subsidy removal particularly by past administration of Dr Goodluck Jonathan and present administration of President Muhammadu Buhari.

2.14 Background Information on Petroleum Product Pricing and Regulatory Agency (PPPRA)

The Petroleum Product Pricing and Regulatory Agency (PPPRA) Act established an agency. The Agency is a body corporate with a perpetual succession and a common seal capable of suing and being sued in its corporate name. The Agency is an autonomous one established primarily to determine the pricing policy of petroleum products, and regulate their supply and distribution. In order for the agency to be independent, the Act provides that the agency shall not be subject to the direction, control and supervision or any other activity in the performance of its function under this Act other than the President.

Part 11 of the Act provides for the functions and powers of the Agency. And they are as follows according to (PPPRA, 2003).

(i) To determine the pricing policy of petroleum products;

(ii) To deregulate the supply and distribution of petroleum products;

(iii) To establish an information and data bank through liaison with all relevant agencies to facilitate the making of informed and realistic decisions on pricing policies.

(iv) To moderate volatility in petroleum products prices while ensuring reasonable returns to operators;

(v) To oversee the implementation of the relevant recommendations and programmes of the Federal Government as contained in white paper on the report of the special committee on the review of petroleum products supply and distribution.

(vi) To establish parameters and codes of conduct for all operators in the downstream petroleum sector;

(vii) To maintain constant surveillance over all key indices relevant to pricing and periodically approve benchmark prices for all petroleum products;

(viii) To identify macro – economic factors with relationship to prices of petroleum products and advice the Federal Government on appropriate strategies for dealing with them;

(ix) To establish from linkages with key segments of the Nigeria society, and ensure that its decisions enjoy the widest possible understanding and support;

(x) To prevent collusion and restriction, trade practices harmful in the sector;

(xi) To exercise mediatory role as necessary for all stakeholders in the sector.

2.15 The Petroleum Product Pricing Agency (PPPRA) and Its Inefficiencies

The Petroleum Product Pricing Regulatory Agency (PPPRA) was set up by Act No 8 of May 2003 with the primary mission to eliminate the effect of volatility in international crude oil and products and stabilize domestic prices. It also aimed to guarantee effective products availability and distribution nationwide. The Petroleum Support Fund (PSF) Scheme was set up in 2006 to support the PPPRA mission and the PPPRA had the objective to entrench transparency and accountability in the administration of the Fund on petroleum products subsidy. In administering the Fund, PPPRA instituted a pricing principle which in its own website is a principle that engenders healthy competition among industry operators, encourages investment and the maintenance of international standards and practice". In support of this principle, PPPRA created a template to determine the Landing cost of products.

This Landing cost is applied against the Government fixed ex-depot price of the petroleum product. The difference between the landing cost and the ex-depot price of imported petroleum products is the Subsidy. By all accounts, the PPPRA has completely failed in its stated objective in the sense that

1. The template is compiled with bloated costs that discourage competition, the pursuit of efficiency and cost control. Rather it is based on total cost recovery and opaque operations thereby encouraging massive corruption and padded economic rent both of which continuously increase subsidy;
2. PPPRA has been unable to incontrovertibly establish the quantity of products consumed upon which subsidy is paid. Quantity consumed is a fundamental item of the subsidy equation. Failure on this is a confirmation of PPPRA‘s failure on its stated mission; and
3. To the extent that PPPRA does not insist that subsidy is claimed on confirmed consumed products, PPPRA is thereby, perhaps by collusion with the importers, paying subsidy on products that were never delivered, stolen and lost products and products that are round tripped.

The PPPRA template is deceptive, anti competition and anti-people. This is why its Landing cost template ‘a weapon of mass destruction‘. In a regulated environment, the first step towards the injection of efficiency into operations is to have a robust template that encourages operators to compete.

The present template does not do this. In a rentier environment which the PPPRA template entrenches the price that is paid for petroleum products is represented in the following equation:

Actual market price = Market driven cost + inefficiency + corruption + guaranteed profit.

It should be borne in mind that the Actual market price is the PPPRA Landing Cost which in itself is represented in this equation:

Actual market price (Landing cost) = Pump price + subsidy.

The above equation clarifies,

1. The impact of inefficiency and corruption on price;
2. It is needless waste of resources for either government or the people to pay a corruption or inefficiency laden price for petroleum products;
3. It behoves on the government to eliminate inefficiency and corruption from Landing cost of petroleum product
4. A removal of subsidy or deregulation without first addressing the inefficiency and corruption will only transfer the burden to the people and embolden the rent seekers to escalate their activities since the people do not possess the force that government has; and
5. Deregulation that does not entrench competition will amount to an oligopolistic environment where only the rentiers profit. Creating a competition oriented template.

The PPPRA template was crafted from the NNPC point of view and was therefore based on the following faulty parameters.

1. That all costs should be recovered with a guaranteed margin. Of course, NNPC operates an inefficient downstream sector. This accounts for the over padded costs in the template. There is therefore no incentive for operators to be efficient. Those

who strive to be efficient are awarded excess profit. This assumption which forms the foundation of the template must be reversed.

2. NNPC operates across the entire downstream sector. Consequently, the template views costs holistically from a single source point of view. This is absolutely wrong and does not represent the activities in the downstream value chain. We consider this to be a wrong approach. The various segments of the business do get outsourced and should be considered as such. For example, NNPC outsources the importation process whilst marketing companies outsource the transportation and retail (dealership) element of product marketing. In an outsourced basis, the most efficient parameters viz volume throughput, costs or rates should be used as standards and not the worst parameters as currently represented by a template that struggles unnecessarily to make NNPC whole. The standards should shut out the worst performers instead of their inefficient standard being applied as the standard for all.
3. Following from b above, the PPPRA template applies extensive standard costs in its input. A standard is a norm and whatever is considered normal can be used as a standard. The assumed standard level has a salutary effect on costs and their relationship to unit cost in a cost template like is applied by PPPRA because the theoretical standard set for a level of operations regarded as the ideal or maximum level of efficiency can have a distorting effect if the standard is not set at the correct level. Such a standard will not help to control costs, adequately measure or enhance efficiency and above all, will not promote cost reductions when it is absolutely

necessary to do so. An inadequately determined standard which turns out to be incorrect will not only distort unit cost but lead to inefficiencies.

One of the key issues that ought to have been discussed as a prelude to subsidy removal is therefore the appropriateness or otherwise of the standards that have been applied all through the template. It is still of considerable importance that this should be carefully and extensively reviewed. An empirical review of actual costs in the template should be carried out in order to reduce the landed cost of products. The actual cost of each element should be properly determined, empirically, in order to ensure that the allowance that is given is adequate and not unnecessarily excessive to the detriment of the government and the consumer. Eliminating inefficiency and corruption from product importation mechanism.

It is imperative that the government set out a transition period of not more than six months when it will take concrete actions to considerably reduce the inefficiencies embedded in the importation mechanism as a prelude to complete deregulation of the downstream sector.

At the end of our investigation, we validate the hypothesis, which is of the view that the regulation of the downstream oil sector by government has not improved the revenue generated from the sector. Primarily because no multinational oil company will want to operate in sector which is been regulated by Government, especially in the aspect of product pricing.

2.16 The 2012 Fuel Subsidy Removal and 2016 Fuel Price Regime in Nigeria

It becomes pertinent to reel out the facts about the fuel subsidy regimes from previous governments and the present for clear understanding. Since the announcement and implementation of the increase in the pump price of fuel from N86 and N86.50 per litre to a cap limit of N145 per litre under the President Muhammadu Buhari led administration respectively, there have been a series of commentaries from various quarters either innocently, ignorantly or mischievously trying to equate former President Goodluck Jonathan's policy of removal of fuel subsidy which resulted in the increase in pump price of petrol from N65 to N141 per litre and President Buhari's policy of liberalizing the downstream sector which resulted in the increase of pump price of fuel from N86.50 to a cap limit of N145 per litre as one and the same.

Unfortunately, some of the opponents of the new fuel price regime, instead of coming up with facts and statistics to buttress their position by educating and convincing Nigerians against the present government policy in this age of intellectual discourse, have resorted to abuses, insults and politically partisan statements which clearly exposes their standpoint which is at variance with that of the majority of the people who have queued up behind the new fuel price regime. Some of these persons and groups have even resorted to tactics of humiliating and intimidating the Nigerian people into a mindset of regret by their relentless assaults, attacks and abuses that Nigerians are hypocritical for stoutly and massively rejecting Goodluck Jonathan's policy in 2012, but supporting the fuel policy in 2016. They have uncharitably called persons and groups with whom they were together in the trenches against former President Goodluck Jonathan's policy in 2012 but who are not with them now on the opposition to the new policy regime due to the reality of the times or reasons best known to them (Daily Trust, November 2, 2017).

The basic tenet of democracy as a system of government which a lot of our people are yet to come to grasp with is that, it recognizes that while the majority will have their way, the minority must have their say. However, to put the records straight, the attempt to intimidate and assault the peoples sensibilities by attempting to equate the 2012 fuel subsidy removal and 2016 fuel price regime, is obviously incorrect and far from the truth. For records sake, it is imperative to state clearly just as it has been canvassed from certain quarters in explaining the true situation of things vis-à-vis the 2012 and 2016 fuel price regimes, that the major difference between the former President Goodluck Jonathan and President Buhari's administrations was the issue of transparency, accountability, trust and responsibility of leadership.

The table below shows the amount expended on fuel subsidy vis-à-vis the national budget by the federal government for a ten year period of 2006 – 2016. The above table clearly shows the astronomical increase in subsidy payments from N421. 5 billion in 2009 to N1.3 trillion and 2.2 trillion naira in 2010 and 2011 respectively can be noticed from 2010 when ex President Goodluck Jonathan assumed the reins of leadership of the country as acting President.

Table 13: Fuel Subsidy under Petroleum Support Fund (PSF) Scheme 2006-2016

Year	**National Budget**	**Subsidy Payments**
2006	₦1.9 trillion	₦151.9 billion
2007	₦2.3 trillion	₦188 billion
2008	₦2.45 trillion	₦256.3 billion
2009	₦3.049 trillion	₦421.5 billion
2010	₦4.6 trillion	₦1.3 trillion
2011	₦4.9 trillion	₦2.19 billion

2012	₦4.7 trillion	₦1.049 billion
2013	₦4.98 trillion	₦971 billion
2014	₦4.69 trillion	₦971 billion
2015	₦4.49 trillion	₦1 trillion +
2016	₦6.06 trillion	₦24 billion

Source: Petroleum Products and Pricing and Regulatory Agency (PPPRA) Report, 2017.

The federal government credibility crisis with the people began when she announced towards the end of 2011 that she was going to remove the fuel subsidy allocation in the 2012 budget because it was unsustainable which was the truth, but was not prepared to render account of stewardship on the management of the fuel subsidy payments which the people viewed as a fraud because of the astronomical rise of the payments against logic and rationality. Regrettably, instead of the government to hearken to the cries of the people for an investigation into what the people believed was a fraudulent subsidy regime, she played deaf and tried to sweep under the carpet the demand for accountability on how the fuel subsidy funds was managed and rather embarked on a vigorous campaign on why the fuel subsidy regime must be eliminated in a display of utter insensitivity.

Unilaterally, when the fuel subsidy was removed on January 1, 2012 by the federal government which resulted in an increase in the price of fuel from N65 to N141 per litre without providing answers to the peoples queries on accountability, the battle line was thus drawn and the mass of the people without prompting came to a logical conclusion that if a government which derives its mandate from the people is running away from the tenets of transparency and accountability, which is an essential ingredient of democracy, then such a government does not deserve to be trusted, which was why the people aligned forces in the occupy Nigeria protests all over the country. It was this deficit in credibility that extended thereafter and culminated in the government being voted out of office at the 2015 general elections (Daily Trust, November 2, 2017).

To correct the misinformation and blackmail of equating the 2012 fuel subsidy situation with the 2016 fuel price regime, it is abundantly clear that the 2012 occupy Nigeria Protests which witnessed massive turnout of people on their own volition was not a rejection of the removal of fuel subsidy which the people themselves believed was a fraud perpetrated against our commonwealth, but was a rejection of a government that was hands in glove with corruption in violation of the constitution and our values as a people of honour.

Summarily, one would like to admonish the opponents of this new fuel policy who have resorted to abuses, insults, attacks and blackmail instead of putting up superior arguments, to realize that in 2016, just like in 2012, there is divergence of opinions on the issues, but it will make sense if they can come up with incontrovertible reasons of why people should see things from their lens as against the reality on the ground, because a society becomes endangered when issues are not dissected dispassionately on its merit but on the basis of who is involved.

Knowledge Gaps in the Literature

Based on the literature reviewed, it is evident that there have been concerted efforts globally in addressing the challenges posed by large subsidy payments, Nigeria inclusive. The general consensus in the literature is that subsidies create fiscal harm to government budget and inefficient conditions which can hamper sustainable development efforts. In other words, these subsidies, particularly the fuel subsidy should be eradicated or reformed as they often do not achieve the primary objective of enhancing energy access for the poor households. This is evidenced from majority of welfare impact studies that found that the top richest income group in the society often benefits from subsidy payment than the bottom poor 5 percent. Also, these categories of subsidies hamper global efforts at tackling poverty, unemployment and provision of social amenities for socio-economic development in Nigeria A number of these studies have examined how these subsidies impact on macroeconomic variables, poverty and social welfare. However, studies on Nigeria mostly focus on either macroeconomic implications of fuel subsidy, welfare cost or both, or the impact of its removal. Studies that examine impact of fuel subsidy on socio economic development in Nigeria were found to be scarce.

The analysis of the impact of fuel subsidies on socio-economic development is important as it has key implications for policy measures put in place to tackle poverty, unemployment and social welfare. An analysis of fuel subsidy impact on the economy can then help to assess how effectively the policy can be useful for poverty eradication and creation of employment opportunity. The rationale is that fuel subsidies increases the production and consumption of fossil fuel, by making fuel prices cheaper, which reduce government spending on other sectors of the economy. Thus, if subsidies on fossil fuel are removed, they can be re-invested towards the development of alternative energy sources that can create means for employment and provision of social welfare. This is supported by Raymond (2012) that stated that the harnessing of renewable energy potentials of ECOWAS countries can spur sustainable development and provide social welfare. So by making these alternative sources of energy cheaper and accessible, government can still achieve their objective of enhancing energy access for the poor households.

2.17 Theoretical Framework

The "neo-liberal" component entails a modern economic policy with state intervention. The word "neo-liberalism" was originally coined by the German scholar, Alexander Rustow in 1938 at the Colloque Walter Lippmann and the concept entails "the priority of the price mechanism, the free enterprise, the system of competition and a strong and impartial state" (Anyadike, 2013). Other aspects of the Neo-liberalism concept entail economic liberalisation, open markets, free trade, privatisation, deregulation and enhancing the role of the private sector in the economy for efficiency. Other underscoring tenets of neo-liberalism as identified by Anyadike (2013) are sound macroeconomic policy, trade liberalisation, labour market flexibility and export-oriented sectoral policies. Neo-liberalism's aim is to transfer the control of the economy to the private sector with the assumption that it will bring about efficiency and better working of the economy. Onyishi, Eme and Emeh (2012) equally adopted the neo-liberalism theory in explaining the domestic and international implications of fuel subsidy removal crisis in Nigeria and concluded that the reactions was due to the fact that Nigerians were simply tired of policies that does not increase their purchasing power in the country.

As laudable as this theory may be, opponents have argued that fuel subsidy is not the monster in the oil industry but corruption (Victor, 2009). So the tenability of deregulation of the sector to save the country from truncation is questionable. Anyadike (2013) stated that even as the theory fundamentally recognises the importance of deregulating the petroleum industry, it does not address what happens when liberalism becomes corruption as may be the case for Nigeria. In other words, the theory does not consider who feels the impact of the deregulation.

Many of the policies of neo-liberalism are rooted in the John Williamson "Washington Consensus" which is a list of policy proposals approved between the IMF and World Bank. The three main ideals of the consensus are macroeconomic discipline, development and promotion of a market economy and a general degree of openness to the world (Symoniak, 2011). These are broken down into ten policy points as stated by Williamson (1999) and Symoniak (2011) which are the following:

i. Fiscal Discipline: Government should avoid running large fiscal deficits as they contribute to inflation and capital flight;

ii. Public Expenditure Priorities: Government spending should be directed at key sectors that will enhance growth (sectors such as health, education, and infrastructure). Also, subsidies should be reduced or eliminated, particularly the ones described by neo-liberals as indiscriminate subsidies;

iii. Tax Reform: The tax base "should be broad" and marginal tax rates "should be moderate" so as to encourage innovation and efficiency;

iv. Interest Rates: This should be "market-determined" by the domestic financial markets as positive (real) interest rates will discourage capital flight and increase savings;

v. Exchange Rate: The exchange rate to be adopted by developing countries should be floating exchange rate and one that is "competitive" to boost exports by making the goods produced cheaper abroad;

vi. Trade Liberalisation: There should be liberalisation of imports with minimised tariffs. There should be no tariff on intermediate goods that are used to produce exports;

vii. Foreign Direct Investment: Foreign investment should be encouraged as it brings in the required capital and skills for development. There should be opportunity to invest funds overseas and for foreign funds to be invested in home country;

viii. Privatisation: State-owned enterprises should be privatised to promote the provision of goods and services which the government may not be able to provide in an efficient manner (for example, telecommunication);

ix. Deregulation: This is the removal of restrictions or regulation that impedes market entry or competition as excessive regulation can promote corruption. The only exception should be for industries that are justified on safety, environmental and consumer protection grounds. For financial institutions, there should be prudent oversight; and

x. Property Rights: This must be enforced with legal security for property rights. Weak and poor legal institutions reduce the incentive to save and accumulate wealth.

There have, however, been attempts to revisit and restate these policy instruments by some economic analysts including Symoniak (2011) and John Williamson himself in light of the various debates, oppositions and dispute experienced in the process of its application. Still, the points highlighted above shows that inadequate understanding and implementation of the policies of neo-liberalism, could account for its opposition in Nigeria during the Structural Adjustment Programme (SAP) era. The aim of the policy is to bring about efficiency in the economy and the controversy in its application to the deregulation of the petroleum downstream sector points out difficulties that could arise due to the unique features of a country such as Nigeria.

Relevance of the theory to the study

It is obvious that, most contentious issue in Nigeria today is the politics associated with the issue of subsidy removal. Therefore, it is on this note the neo-liberalism emphasizes on the efficiency of private enterprises, liberalize trade and relatively open markets to promote globalization. One can deduce the fact that with the ongoing crises on the petroleum industry in Nigeria where few individuals have constituted themselves into a clique that are benefiting heavily from this leakage called subsidy. A report of House of Representatives investigation team under the auspices of Honourable Faruq Lawal's ad- hoc committee on subsidy probe in 2012 is the case in point'. It can be argued that the best way of avoiding few Nigerians who have constituted themselves as- clique to 'continue exploiting majority of Nigerians of their God gift is to deregulate the downstream sector to allow private individuals take over. Deregulation means the removal of' government rules and controls from some types of business activity. The primary essence and idea of subsidy in effect, is targeted at benefiting the masses, the very poor in our system but, in Nigeria's context, controversies have trailed the supposed impact of this policy. The benefit incidence on the poor, have been very abysmal;-furthermore, empirical evidence, from several studies and surveys have shown that the bulk of the limited resources of the- country are enjoyed by very few members of the ruling political, bureaucratic and business class (the elites) at the expense of the very many .poor members of the society (Nwachukwu, 2011).

Collaborating this view, the National Economic Council (NEC), the highest economic policy organ of the government, in its analysis stated that it cost the country treasury one trillion naira yearly to subsidize petroleum products in Nigeria. NEC further stressed that it would be better if this huge sum of money spent on subsidy is used in smoothing pathholed roads, providing hospitals, rehabilitating and building health facilities and schools. Therefore, it is pertinent to note that the removal of fuel subsidy is the best option for Nigerian government based on the level of corrupt practices involved in the subsidy regimes.

Several authors have offered a critique of neo-liberal theory, one of the great opponents of the liberalism Polanyi (2011) explained that the tendency of the liberal system is to' switch the human based though of the social theory in to naturalistic that neither law nor' the government is required to function. It can be argued that neoliberal as a theory undermined the social contract of the state, that is it alienate the state and its citizens based on the functions of government, which is to provide and cater for its citizens.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

Research design simply entails the plan for a research work. it is an outline or a scheme that serves as useful guide to the researcher in his effort to generate data for his study. A researcher is like a professional tailor. He needs to adopt a particular design that give his work the desire shape.

Therefore, the research design of this study is informed by the very nature of the study; the study use field survey research design. The field research design entails the collection of information from a cross section of the population and defined subject matter within a given period of time. The reason for making this choice is because the field research design provide an effective way of collecting information from a large pool of information that are available in the area of this study. This study employ both primary and secondary sources of data collection, the effort to acquire primary materials involve collecting information through the use of questionnaire and interview to assess thoughts, opinions and feelings about the subject of discussion (Mugenda and Mugenda, 2003).

3.3 Population of the Study, Sample Size and Sample Technique

The population of the study is ten thousand two hundred and seventy-eight (10,278) which is derived from the population of specific units in the Nigeria Labour Congress (NLC) which constitute two thousand and twelve (2,812) staff drawn from the administrative unit, education, finance and Information and Communication units of the national headquarter; (NLC Establishment Directorate 2018) Nigeria National Petroleum Corporation with the population of three thousand two hundred and thirty eight (3,238) staff strength drawn from the finance and accounting unit, administration and human resource unit, education and training unit, strategic planning and documentation unit and research and documentation unit from the national headquarter Abuja; (Research and Documentation Unit, 2018) Petroleum Product Price Regulatory Agency (PPPRA) comprises of one thousand five hundred and eight (2,608) staff drawn from the Pricing and Regulating units, corporate and service department, finance unit, administration and human resource unit and operation unit, gas and renewable energy unit, audit unit and legal unit (administration and human resource unit, 2018) Academic Staff Union of Universities (ASUU) with the population of one thousand five hundred and ten (1,620) drawn from Abuja zone comprises of Nasarawa State University Keffi, University of Abuja and IBB University Lapai (Academic

Planning unit, 2018). However, a total population of ten thousand two hundred and seventy-eight (10,278) constitute sample size for this study. The reason for the choice of these units is because they are of relevance to the research, in the sense that they have the fore knowledge of the subject under investigation.

Sample Size and Sampling Technique

The selection of a set of people or group to participate in the study investigation could be described as a study sample. Sample size according to Kotler (2012) is the list of individuals in a population from which a sample is drawn. A sample population for the study was drawn using Krejcie and Morgan formular (1970) formula, thus:

Where;

S = required sample size

X = Z value 1.96 (95%) confidence level

N = Population size 10,278

P = Population 0.5

d = Degree of accuracy 5%

$\underline{S = X^2 \; NP \; (1\text{-}P)}$

$d^2 \; (N\text{-}1) + X^2 \; P \; (1\text{-}P)$ Krejcie & Morgan, 1970

$\underline{S = (1.96)^2 \text{ x } 10{,}278 \text{ x } 0.5 \; (1\text{-}0.5)}$

$(0.05)^2 \; (10{,}278\text{-}1) + (1.96)^2 \text{ x } 0.5 \; (1\text{-}0.5)$

$$S = \frac{3.8416 \times 10278 \times 0.5(0.5)}{0.0025(10277) + (3.8416) \times 0.25}$$

$$S = \frac{9870.9912}{25.6925 + 0.9604}$$

$$S = \frac{9870.9912}{26.6529}$$

$$= 370$$

According to the formular of sample size determination developed by Krejcie and Morgan (1970) the researcher found that only 370 respondents would answer the questionnaires.

The formular used to derive sample size for each population of the study is;

$$\frac{\text{N (sampled area) x n (all sampled areas)}}{\text{N (all sampled areas)}}$$

Krejcie & Morgan, 1970

Table 14: Table showing distribution of sample size

Sampled area	**Units/Departments**	**Sample size**
NNPC	Downstream unit, Refining unit, Finance and Account unit	$\frac{3,238 \times 370}{10,278} = 117$
PPPRA	Pricing and Regulation Unit	$\frac{2,608 \times 370}{10,278} = 54$
NLC	Administrative unit, Education, Finance and Information and Communication unit	$\frac{2,812 \times 370}{10,278} = 73$
ASUU Abuja Zone	University of Abuja Nasarawa State University, Keffi Ibrahim Badamasi Babangida Univ. Lapai	$\frac{1,620 \times 370}{10,278} = 54$
	Total	**370**

Source: Researcher's Field Survey December, 2018.

Table 15: Table showing the target population and sample size

Sampled area	Units/Departments	Target Population	Sample size
NNPC	Downstream unit, Refining unit, Finance and Account unit	3,238	117
PPPRA	Pricing and Regulation Unit	1,508	94
NLC	Administrative unit, Education, Finance and Information and Communication unit	2,012	101
ASUU Abuja Zone	University of Abuja Nasarawa State University, Keffi Ibrahim Badamasi Babangida Univ. Lapai	1,510	58
	Total	**10,278**	**370**

Source: Researcher's Field Survey December, 2018.

A sampling technique is a definite plan determined before any data are actually collected for obtaining a sample from a given population. The sampling technique for this study would be collected using the simple random sampling method and purposive sampling techniques. The simple random sampling would be used in selecting the respondents from the above mentioned departments in distribution of questionnaire, whereby in conducting interview, purposive sampling techniques would be applied based on respondents with requisite knowledge on the subject under investigation.

3.3 Methods of Data Collection

Method has been defined as any means by which knowledge may be acquired or technique by which data could be systematically dealt with, including its gathering, analysis and presentation (Asika, 2004).

Method may be logical or empirical, qualitative or quantitative. "A method is logical when it deals with logical facts, and empirical when the facts are susceptible either to observation or to empirical verification" (Polit and Hungler, 1999).

In order to combine the beauty of thoroughfulness and validity of findings of the study, blend of both primary sources (personal interview and questionnaire) and secondary sources through periodical journals and other various publication.

The primary sources of data includes the use of questionnaire, interviews, observations, etc. but for the purpose of this research, the researcher utilize only the questionnaires and interview sources of data collection.

(a) **Questionnaire**

Questionnaires are being administered to respondents in specific units in the NNPC, PPPRA, NLC, ASUU.

The data from the primary source will be collected using a semi-structured questionnaire both open and closed ended. The questionnaire will contain questions designed to tackle issues raised in the statement of the problems, research questions and research propositions. The researcher distributes the questionnaire by hand to the respondents to ensure the highest degree of percentage of return of the completed questionnaires. A total number of 370 questionnaires were distributed, the structure of the questionnaire were divided into two, section A and B. Section A contain questions seeking personal information/demographic data of respondents, while the B section is constructed in form of multiple choice to enable respondents to have easy choice.

As earlier mentioned the questions were structure open and closed ended. The open ended allow respondents to use their own words to answer certain questions rather than restructuring them to only pre-define options thus, giving them an opportunity to contribute their own views. The close ended on the other hand provide answers to direct questions in a manner that produce relevant information for analysis.

(b) **Interview**

Personal interview is a face to face interaction/interpersonal role situation in which an interviewer (researcher) ask the respondents (interviewee) questions designed to elicit answers pertinent to the research problems, questions and propositions. The people interviewed were staff of NNPC, PPPRA, NLC and ASUU. who have a fore knowledge of the area under study purposively from the their responses on the issues under study was adequate to compliment my analysis from the other sources generated.

Secondary Source of Data

This refers to a collection of data from existing works. This includes those in prints or in a data bank. A large proportion of data utilized in the general introduction, literature review and theoretical framework are from these sources. Hence, documentary method is used in this study to mean a method of gleaming, extracting, examining, analyzing and interpreting information as well as reading meaning into those pieces of information so as to be able to draw inference from the available evidence In order to reach a conclusion (Obasi, 1999). What the foregoing implies is that documentary method makes the recourse to the secondary sources of data inevitable. By document, we mean any written material (whether hand written, typed or printed) that was already in existence, which was produced for some other purpose than the benefit of the investigator (Nwana cited in Obasi, 1999). By secondary source of data, we mean data gathered or authored by another person, usually data from the available data, archives, either in form of document or survey results books (Punch, 1998).

However, the secondary sources to be used in this study include data collected from text books, journals, articles in magazines, periodicals and policy document of the Nigerian National Petroleum Corporation (NNPC), Petroleum Products Pricing Regulatory Agency (PPPRA), Central Bank of Nigeria (CBN), Sure programme documents, magazines, newspapers and textbooks. The data sourced will seek to investigate whether the partial removal of fuel subsidy has enhanced in the government spending on social welfare, to also find out if corruption in the downstream sector has impacted in the inability of government to maintain fuel subsidy in Nigeria.

3.4 Techniques for Data Analysis

The method of data analysis for this study is descriptive in nature, this is because descriptive analysis enable the researcher to present the data obtained in a meaningful way, which allows for simpler interpretation of data. The descriptive analysis allows the use of tables, charts and summary statistics. The choice of this techniques is that it is easy to use and also because it has come to be the most cherished form of data analysis in political science discipline.

3.5 Justification of Methods

The methods adopted for this research are carefully chosen by the researchers bearing in mind their significance to this research work. Specifically, the primary and secondary methods of data collection are inevitably necessary as data generated through primary method cannot be sufficient for this research without an understanding of the origin and development of the phenomenon which is contained in already existed literatures that can only be traced through the secondary method. Furthermore, the simple percentage method of data analysis is necessary as these methods present every little difference that occur (in the form of tables, charts and summary statistics) based on the opinion of the sampled population; and unfold the extent to which respondents agree or otherwise to a particular research issue in the questionnaire.

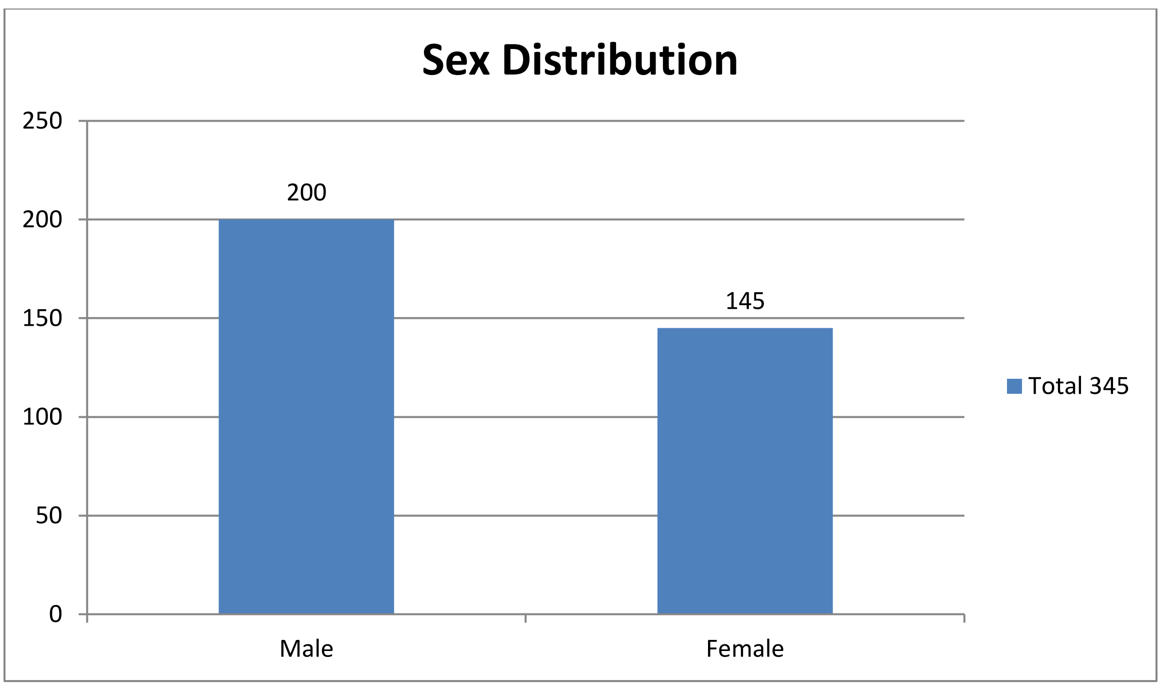
CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

In this study, a total of 370 questionnaires were administered out of this number a total of 345 questionnaires were properly filled and returned. The questionnaire were designed to find out questions related to the politics of fuel subsidy removal and its socio-economic impact in Nigeria, in analyzing the data, charts were used in the presentation of data.

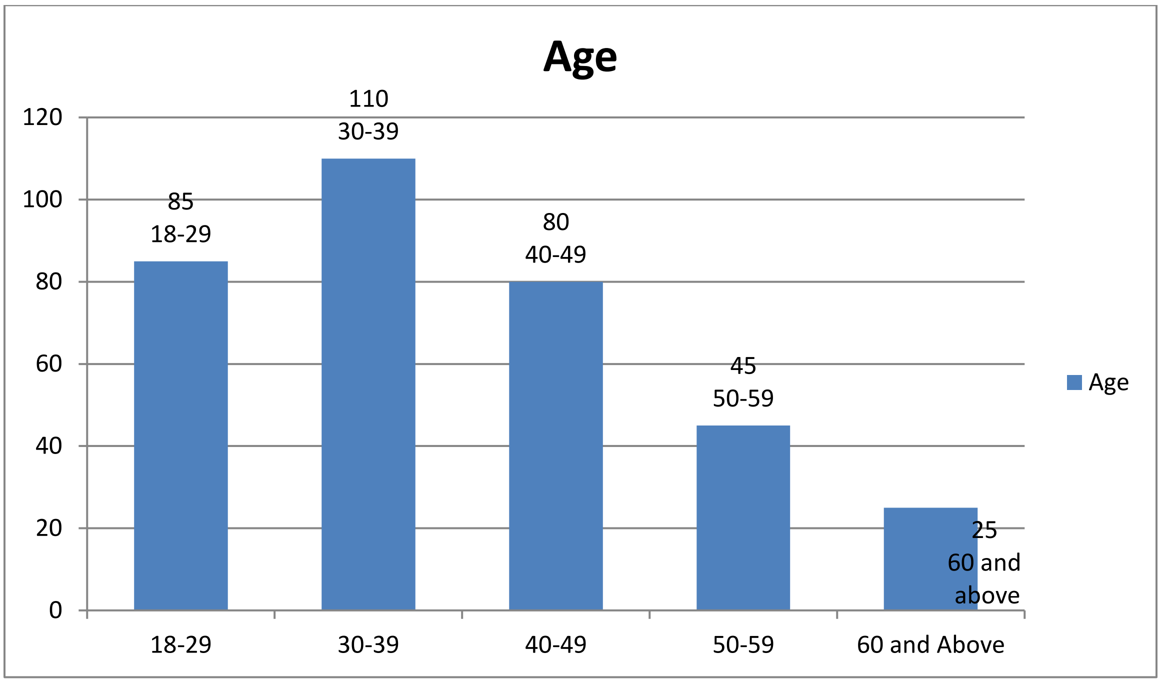
Chart 4.2 Personal Data of Respondent



Source: Field Survey November, 2018

In terms of sex the above Chart gives a fair representation of the both male which constitute 57% of the research respondents, and the Female which constitute 43% of the research respondents.

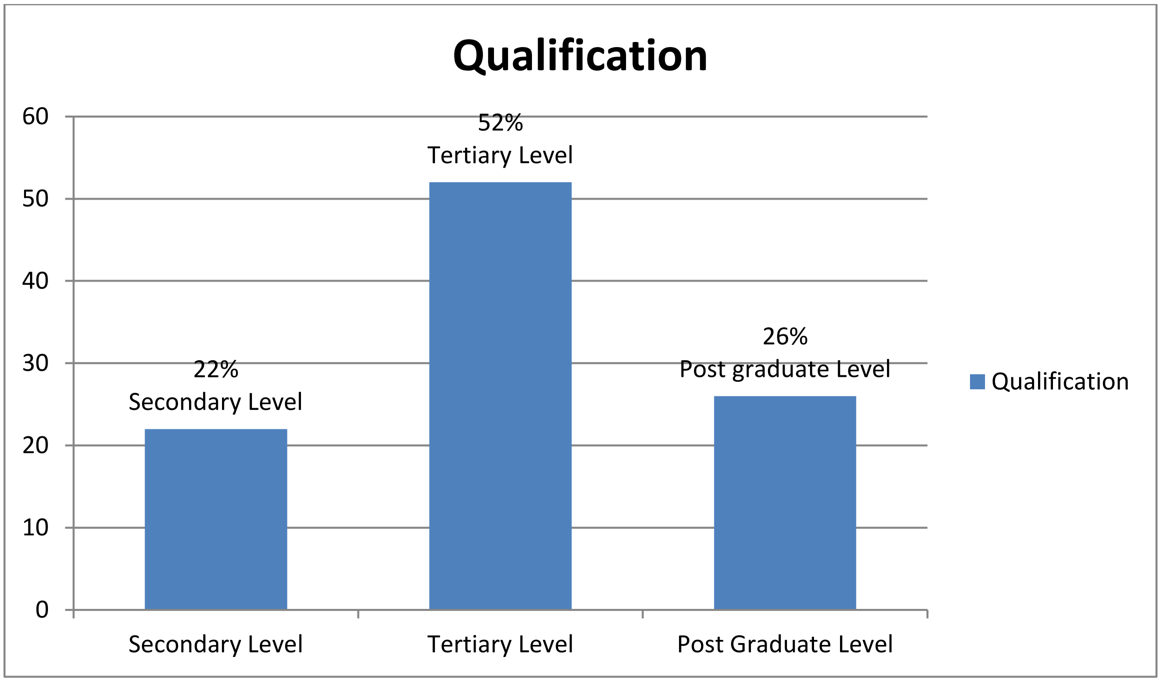
Chart 4.2.3 Age Distribution of Respondents



Source: Field survey 2018

The above Chart shows an active population which could be classified as majorly a working age of about 94% while 6% of the respondents fall within the inactive age. This age classification of 94% is no doubt indispensable to this research work because it constitutes the class of people mostly affected by fuel subsidy removal in Nigeria.

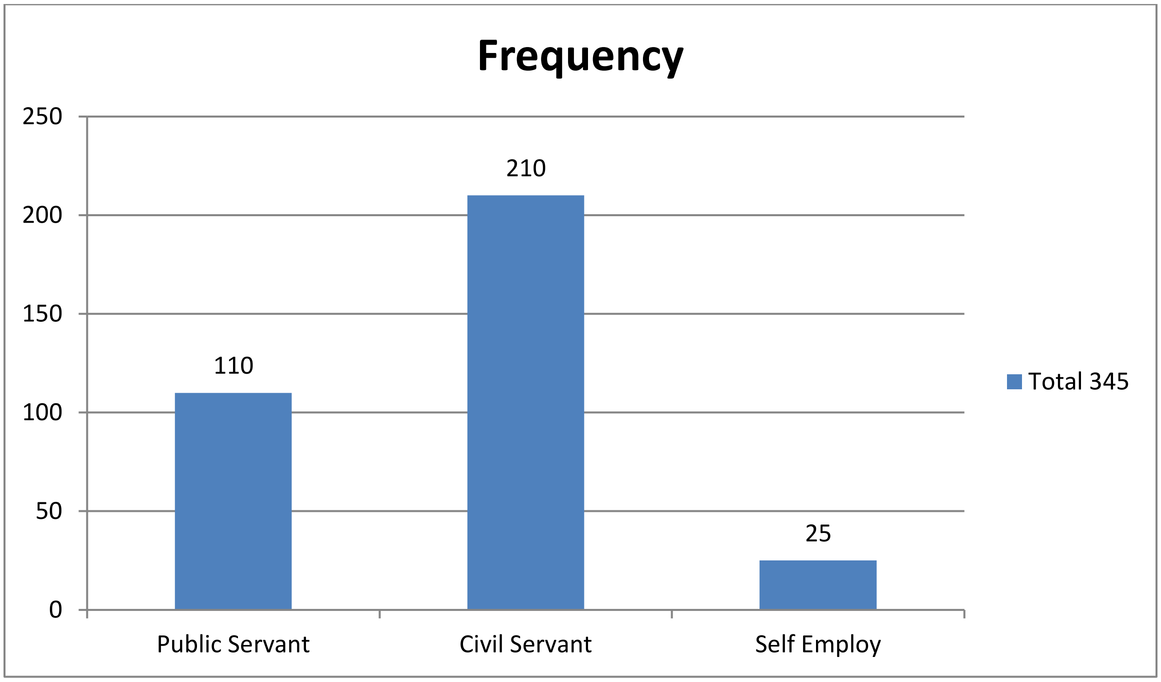
Chart 4.2.4 Educational Level of Respondent



Source: field survey November, 2018

Chart 4.2.4 shows that 75 respondent representing 22% are educated up to Secondary level, while 180 respondent representing 52% were educated up to tertiary level while 90% representing 26% were educated up to post graduate level. This show that majority of the respondents were conscious of the nature of politics involved in fuel subsidy removal in Nigeria.

Chart 4.2.5 Occupations of Respondents

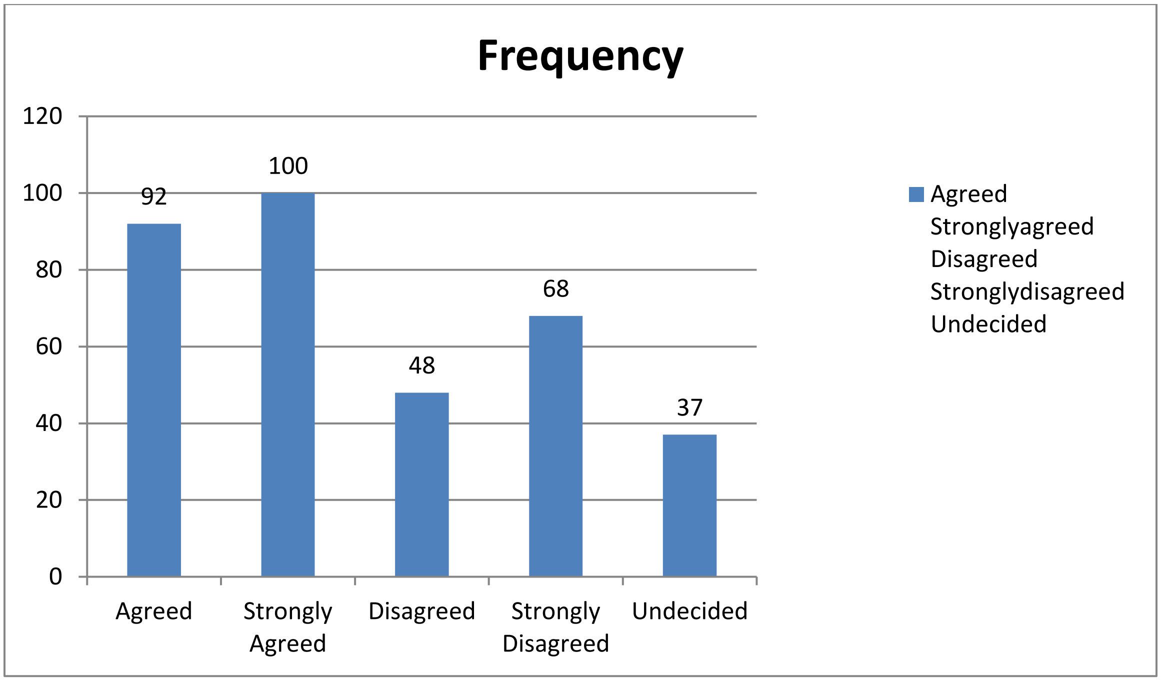


Source: Field Survey November, 2018

Chart 4.2.5 revealed that 110 respondent representing 32 percent were public servant, while 210 representing 61% were civil servants and 25 respondent representing 7% are self employed.

4.2 Data analysis and result

Chart 5: Respondents on the Impact of the fuel subsidy removal on the socioeconomic development in Nigerian



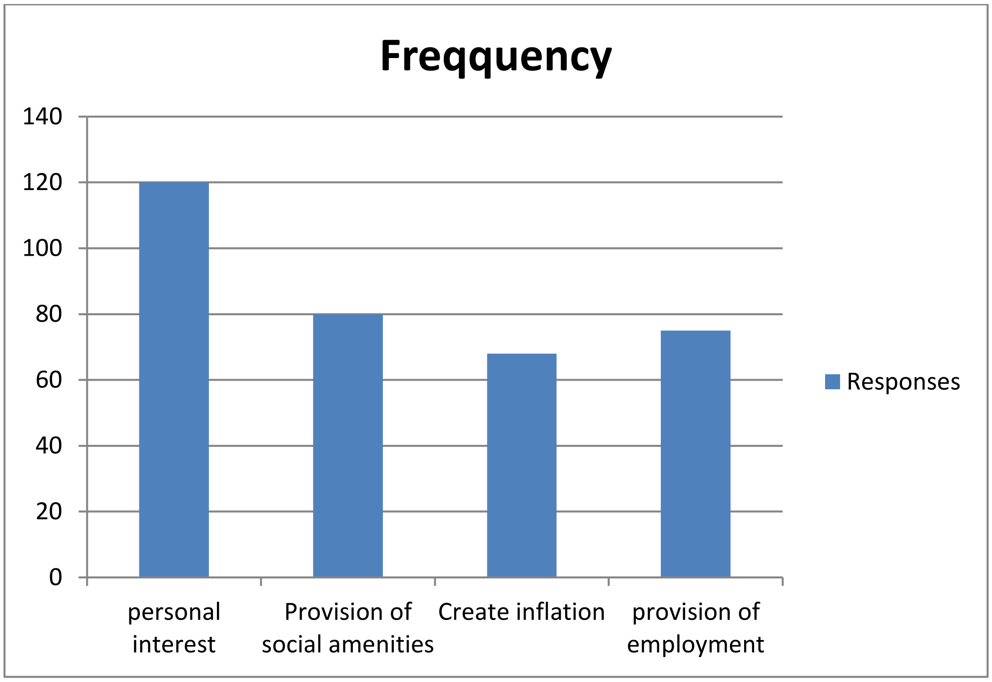
Source: Field work, November, 2018

The chart above shows the responses elicited from respondents on if there has been any noticeable impact of fuel subsidy removal on the Nigerian economy. (92) respondents (27%) agree that fuel subsidy removal has impacted on the socioeconomic development of the country. (100) respondents representing (27%) strongly agreed that there has been noticeable impact of the fuel subsidy removal on the Nigeria economy. (48) respondent representing (14%) disagreed with the fact that removal of fuel subsidy has affected the economy negatively in the price of goods and services. However, 68 respondents representing 20% strongly disagree with the fact that subsidy removal has impacted positively to the economy of Nigeria. 37 respondents representing (10%) were undecided.

In view of the aboved, an interview was conducted to collaborate the responses from the questionnaire with Comr. Ambrose kudu NLC member in the National Head Quarters Abuja who lamented that:

> Subsidy payment in Nigeria has seriously affected other sectors of the economy negatively or positively, he was of the opinion that subsidy supposed to have positive impact on the economy, but in Nigeria fuel subsidy benefited the few individuals who are not even in the business. Government for instance, in a situation where most of the marketers were given billions of naira to import fuel and so many of them do not import the fuel. For instance from 2006 - 2016 amount of money spend on fuel subsidy by government amounted to 11 trillion naira. So as a union member we are not against subsidizing the price of petroleum but the corruption that is characterized with fuel subsidy regime. He further opine that government should not removed subsidy because it impact mainly on the income earners and civil servant in Nigeria.
>
> Similarly, ASUU zonal coordinator Abuja. Associate professor Lagi Theophilus stressed that, the impact of fuel subsidy on socioeconomic development in Nigeria can be positive or negative. Positively in the sense that it makes life easier and affordable to a common man in Nigeria, while negatively, its removal can affect mostly the income earners and business men in all ramifications. Why because the cost of transportation will high and the price of goods will also be affected.

Chart 6 Respondents views on the patterns of politics involved in desubsidization of petroleum product in Nigeria



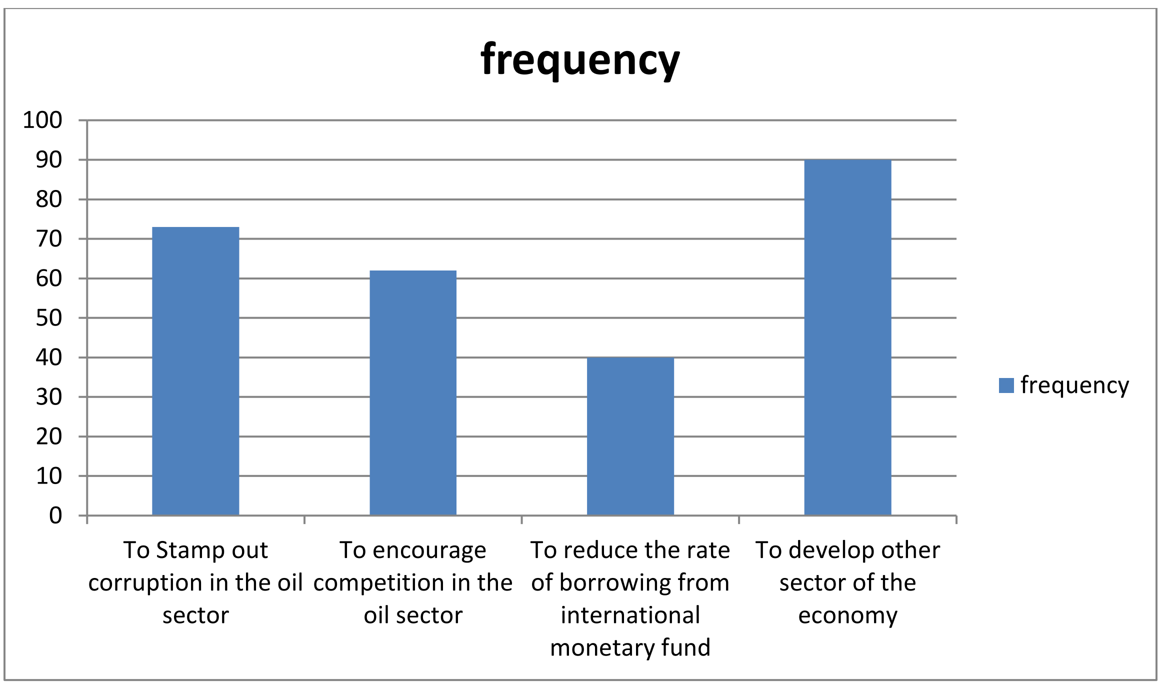
Source: Field survey November, 2018

The chart above, shows the responses elicited from the respondents on patterns of politics involved in disusidizstion of petroleum product in Nigeria. (35%) of the respondent are on the opinion that personal interest of most of the persons involved in the process of fuel subsidy removal in Nigeria over shadow majority interest of Nigerians while (23%) of the respondents were of the view that government decision for the removal of fuel subsidy were mainly to provide social amenities to Nigerian citizens. 68 respondents representing (20%) were on the view that removal of fuel subsidy will create inflation that will lead to increase in the price of goods and services while 75 representing 22% were on the view that removal of fuel subsidy will create employment.

In view of the above responses, the researcher conducted and interview with NLC member Mr. Barnabas James in Abuja Head quarters to elicit his view on the issue of pattern of politics in disubsidization of petroleum products he stated that:

> To an extent politics were involved in the disubsidization process of petroleum product in Nigeria, most of the governors were in support of the removal of fuel subsidy not because of the interest of Nigerian but to their own personal interest of seeing how their allocation can be increase while others view it in terms of corruption that has bedeviled the oil sector. But to us as labour union we view it in terms of the hardship that the removal caused to the common man in Nigeria.

Chart 7: Respondents opinion on reasons why the federal government remove subsidy on oil in Nigeria.

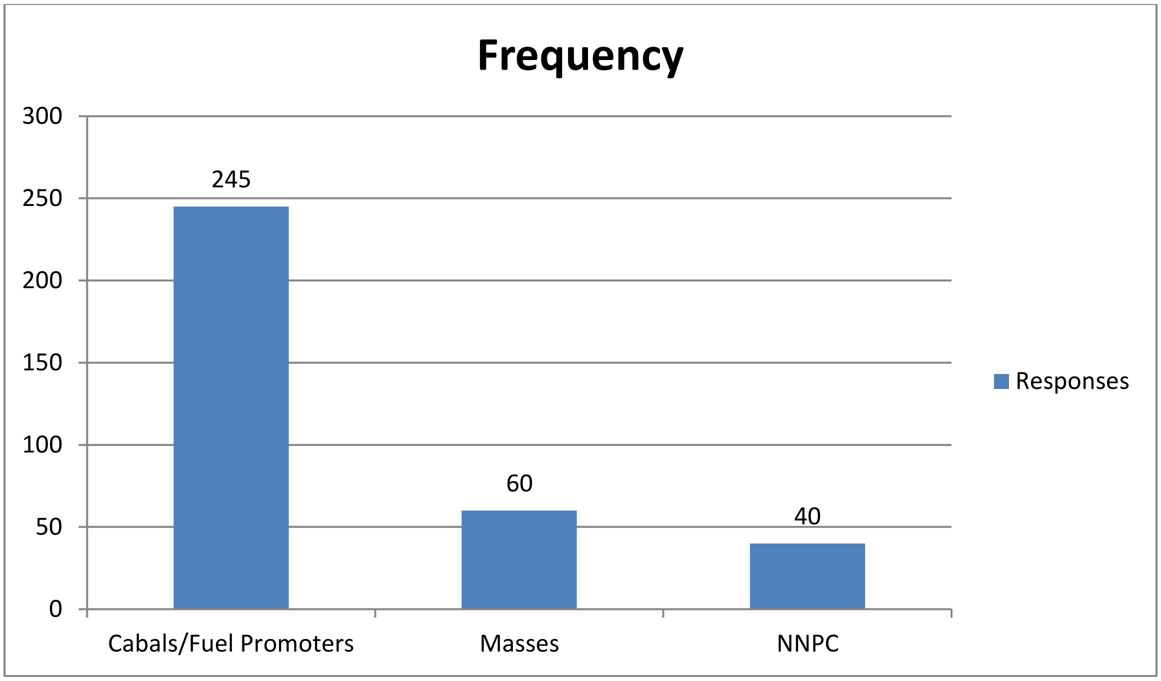


Source: Field work November, 2018.

The chart above depicts respondents reasons for the federal government removal of fuel subsidy. 73 of the respondents representing (21%) are of the opinion that government remove fuel subsidy to stamp out corruption in the oil sector. 62 of the respondents are of the view that government remove subsidy on fuel to encourage competition in the oil sector representing (23%) while 40 of the respondents representing (12%) stated that government remove fuel subsidy to reduce the rate of borrowing from International Monetary fund. However, 90 of the respondents representing (26%) are of the view that government remove subsidy to develop other sector of the economy which suffer serious neglect as a result of heavy subsidy payment. In an interview conducted with Mr. Uduak Akpan official of the NNPC lamented that:

> The cost of fuel subsidy has continued to grow exponentially. Corruption in Nigeria's state has run fuel subsidy scheme drained almost $6.8 billion from the country's coffers. for instance the total amount allocated to education in the 2016 budget which was 369.9 billion was not much higher for health care, it was estimated that only 15 percent of the country's road were paved. The 6.8bn from the fuel subsidy could help to address some of the issues above. She stressed that, they reason behind government removal of fuel subsidy is to inject the amount of money realize from the removal of fuel subsidy to the other sector of the economy.
>
> Similarly, Mr Muazu Mohammed of PPRA collaborate with the view above, that the main reasons behind government removal of fuel subsidy is to utilize the money realized in to other sectors such as health, education, agriculture and others infrastructure which has been heavily neglected as a result of huge amount of money going in to fuel subsidy.

Chart 8: Respondents views on the beneficiaries of government subsidy on petroleum products in Nigeria.



Source: Field work, 2018

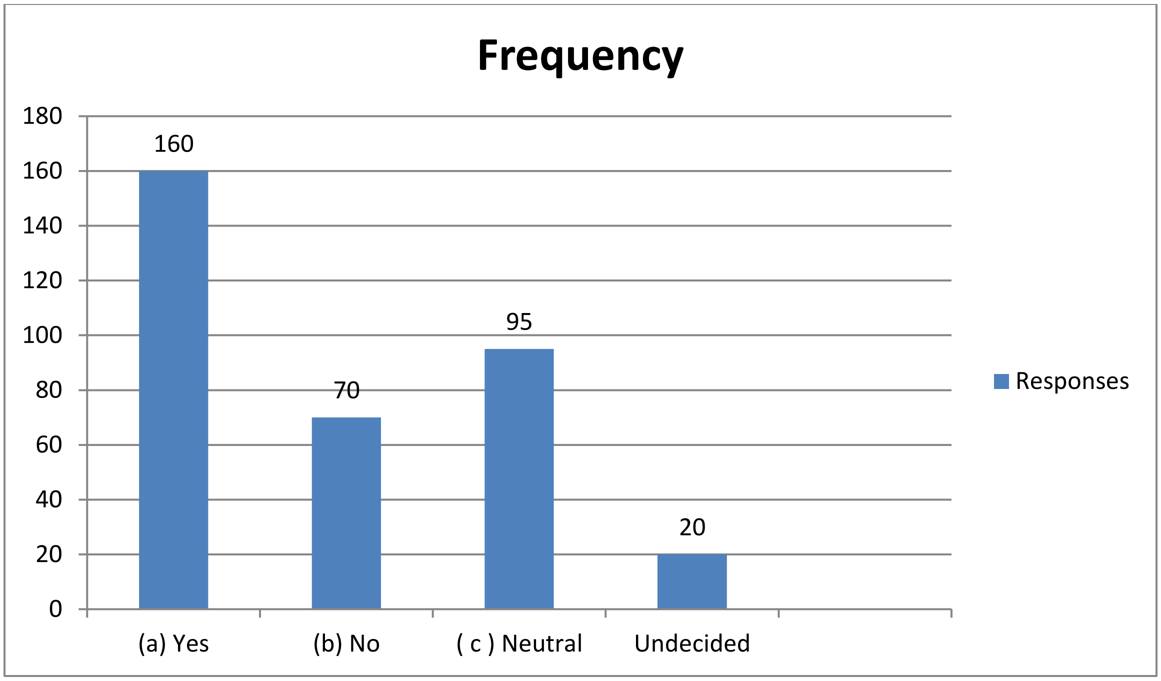
From chart 8 above, revealed that 245 respondents representing 71% have claimed that the subsidy was made available for the oil importers who got subsidy money from governemnt without necessary making the product available for the masses, while 60 respondents representing (17%) were of the view that the subsidy was made available for the masses. However, 40 respondents representing (12%) are of the opinion that it is the NNPC/PPPRA officials that benefited from the subsidy funds. From the above submission it is a fact that it is the oil marketers that benefited much from the fuel subsidy. However, in an interview conducted with Associate Prof. Lagi Theophilus ASUU Abuja zonal coordinator he lamented that:

> Governments have spent a lot of money on fuel subsidy in Nigeria without the masses feeling the impact of the fuel subsidies. Imagine where billions of dollars keep on going into individuals pocket in the name of oil promoters were most of them did not obtain forex claimed to

> have been imported petroleum product and not registered with PPPRA. In fact, even when they import the subsidized product they divert them to the neighboring countries where they can make more profit at the expense of the masses. In a nutshell it is the major oil marketers and few government officials that benefitted mainly on fuel subsidy in Nigeria.

Collaborating this view, Mr Muazu Mohammmed staff of PPPRA argue that mainly the oil marketers and some government officials are the main beneficiaries of fuel subsidy in Nigeria. We can deduced the facts from the report of house of representatives committee in 2011headed by Faruk Lawal and the technical committee set up by the then president Goodluck Jonathan which exposed most of the corrupt practices in the oil industry in Nigeria see appendix vi and vii.

Chart 9: Responses on whether other sectors of the economy has benefited from the partial fuel subsidy removal



Source: Field work, November, 2018.

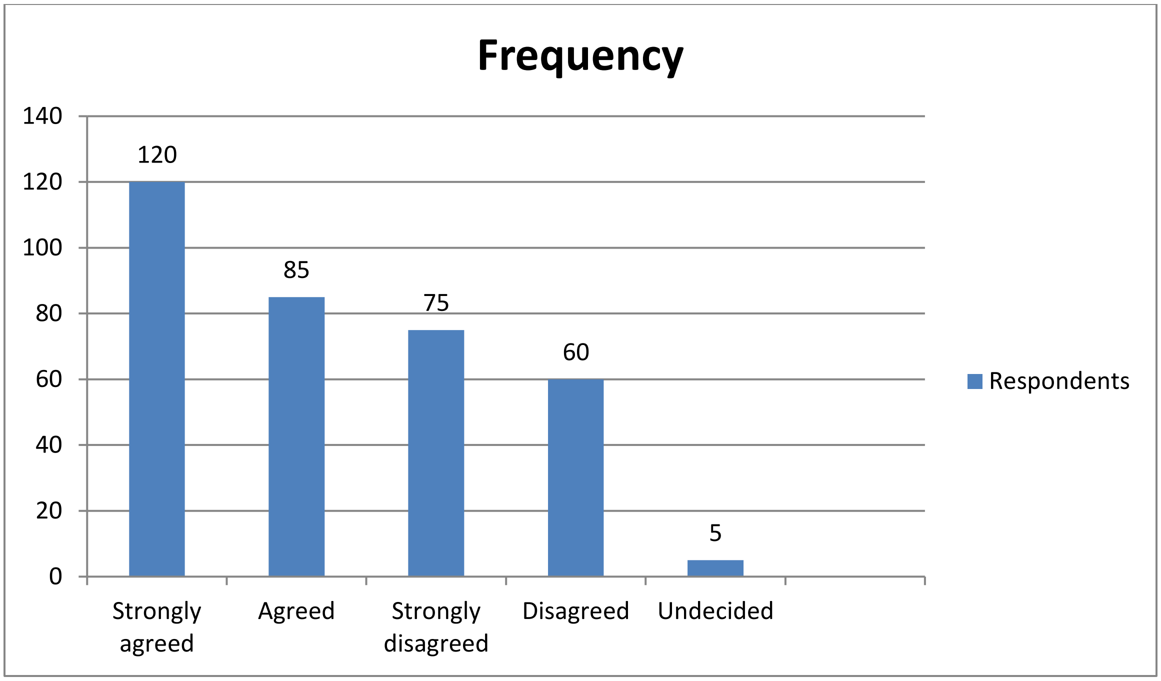
The chart above shows the responses of respondents on if other sectors of the economy has benefited from the partial subsidy removal in Nigeria. 160 respondents representing (46%) are of the view that some sectors of the economy such as transportation, agriculture and power has benefited to some extent from fuel subsidy removal. while 70 of the respondents representing (20%) affirmed with a (NO) answer, which means that fuel subsidy removal has not impacted in other sectors. 95 of the respondents representing (28%) were neutral. To a large extent 160 (46%) show that fuel subsidy removal have impacted on the other sector of the economy.

However in an interview conducted with Mrs Uduak Akpah of the NNPC on if the partial fuel subsidy removal in Nigeria has actually impacted on other sectors of the economy, she collaborated the view that :

To an extent the money realized from fuel subsidy removal have really impacted on other sectors of the economy with the investment in social sector, education, transportation, employment, agriculture, power and health sector. We can see that presently the road and railway infrastructure are being revived, there has been an increased in budget on education, health, agriculture and power sector. For instance they amount of money budgeted for health sector in 2011 which was about 203.34 billion has increased to 282.77 billion in 2012 and grow exponentially in 2013, 2014,2015 and 2016 respectively. By this we can say that the partial removal of fuel subsidy have impacted on other sectors of the economy.

In the same vein, Mr Muazu Mohammed of PPPRA collaborate with the view above, that other sectors of the economy has benefitted from the fuel subsidy removal citing instance Sure- p programme a social investment for poverty alleviation, employment generation, and skills acquisition programme initiated by the federal government.

Chart 10: Respondents views on whether the fuel subsidy probe in Nigeria has expose corruption in the oil industry.



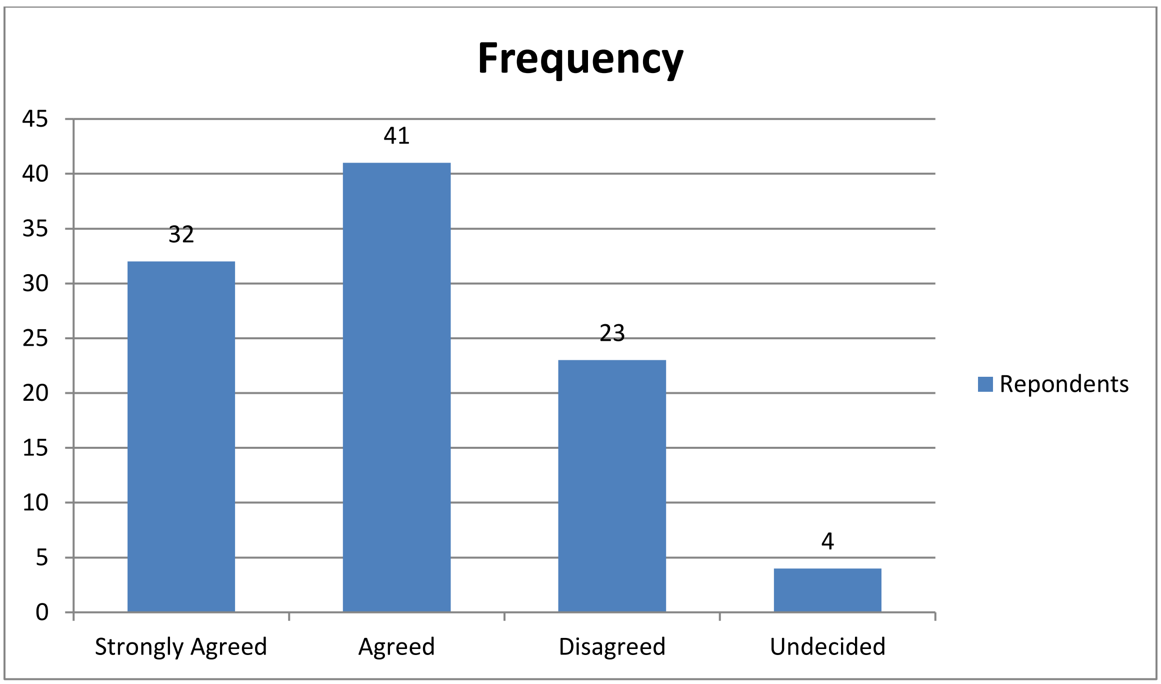
Source: Field work November, 2018

The chart above shows respondents views on fuel subsidy probe and its impact on national oil revenue accounting in Nigeria vis a vis corruption. 85 respondents representing (25%) agreed to this fact, while 120 respondents representing (35%) strongly disagreed with the fact that fuel subsidy probe improve national oil revenue accounting in Nigeria, while 60 respondents representing (17%) disagreed. However, 75 respondent representing (21%) strongly disagreed and 5 respondent representing (1%) were undecided. To a large extent, 120 respondents (35%) strongly agreed to this fact shows that fuel subsidy probe has expose corruption and improve national oil revenue accounting in Nigeria.

In line with the view above the researcher conducted an interview with Mr. Kunle Olu at the PPPRA Head Quarters Abuja on his view on fuel subsidy probe and its impact on national oil revenue in Nigeria, he lamented that;

Nigerians were not really aware of the corruption going on in the oil industry until the oil subsidy probe committee set up then in 2011 by the National Assembly Headed by Hon. Faruk Lawan in which most of the fraudulent activities of the oil marketers and the NNPC were exposed. Many of the oil marketers in collaboration with NNPC staff were indicted for receiving billions of naira without supplying the products for which the money colleted. He further stressed that there were marketers that have never applied for product supplies but they were given allocation by PPPRA see appendix vi.

Chart 11: Respondents views on if the deregulation of the downstream oil sector will be solution to the crises in the oil sector.

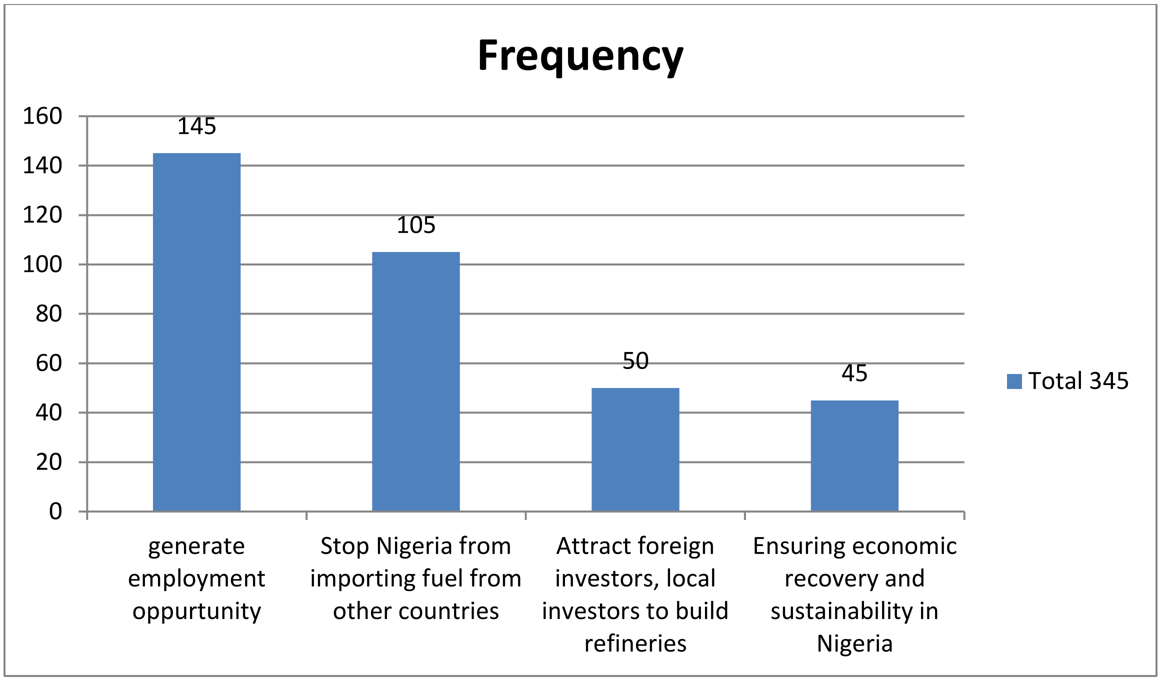


Source: Field work, November, 2018.

The chart above, shows respondents view on whether deregulation of the petroleum downstream sector is the solution to the crises in the oil industry. While 100 respondents representing (32%) agreed that deregulation of the downstream petroleum sector is likely the solution to the crises in the oil industry. 140 respondents representing (41%) strongly agreed that deregulating the downstream sector will promote healthy competition among stakeholders, reduce corruption and promote provision of social amenities in Nigeria. However, 80 respondents which represent (23%) disagree that deregulation of the sector is not the solution rather accountability and transparency by the government agencies through ensuring that our refineries are functioning properly. 15 of the respondents representing (4%) were undecided. However the problem remains largely on corruption, in an interview conducted with Associate Professor Theophilus Lagi, ASUU Abuja zonal coordinator is of the view that:

> Corruption is one of the major problems affecting every sector of Nigeria. He asserted that deregulation of the petroleum downstream sector will not be the solution to the crisis in the oil sector but rather the government should have the political will to tackle corruption in the oil industry, to him, deregulation means that the government is withdrawing from the business and allowing the forces of demand and supply to determine the price, which means that foreign investors will come and invest in the oil business in Nigeria to their own selfish interest of exploitation at the expenses of the majority of Nigerians. He further stated that Nigeria oil suppose to be national cake that the citizens are to enjoy and not few elites. So corruption should not be the main reason for deregulating the oil sector, rather the government should have the political will to implement policies that can tackle corruption in the oil industry. Other countries such America are subsiding agriculture why not Nigerians benefitted from their government.
>
> Contrary, Mr Muazu Mohammed of PPPRA is of the view that deregulation of the petroleum downstream sector is the solution to the crisis in the petroleum industry, because corruption in the sector has made the sector ineffective with the neglect of our refineries that supposed to be functioning to an ultimal capacity for availability of refined petroleum for local consumption.

Chart 12: Respondents view on what does fuel subsidy removal portends for Nigeria



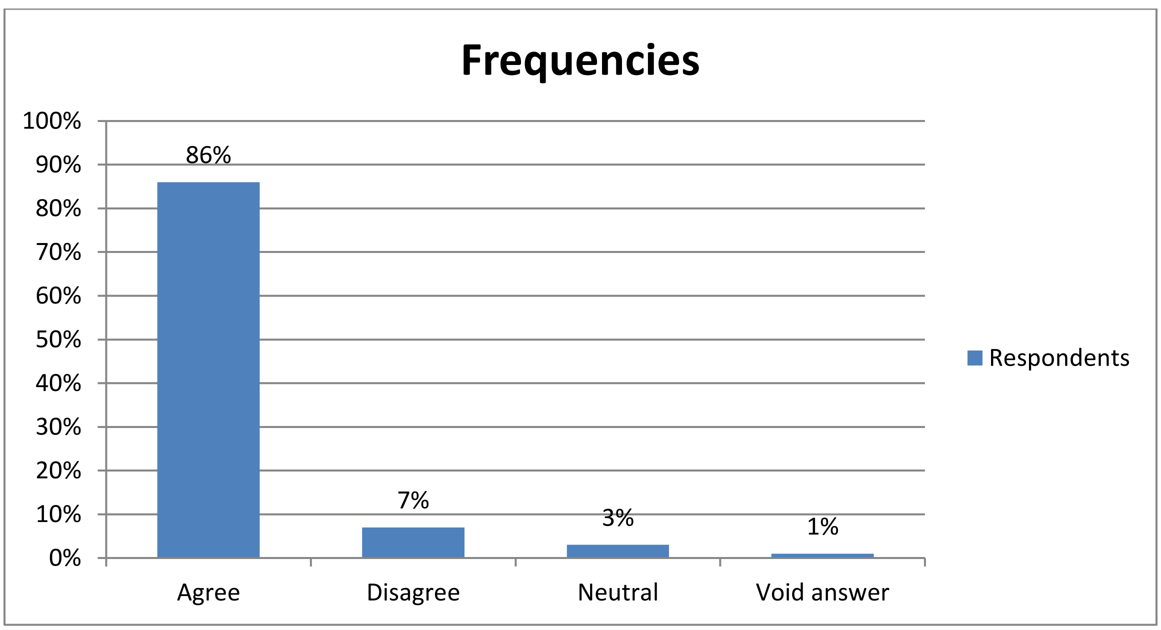
Source: field work November, 2018

The chart above shows the responses of the respondents on what fuel subsidy removal portends to Nigeria. 145 respondents representing (42%) are of the view that fuel subsidy removal in Nigeria will generate employment opportunity, while 105 of the respondents (30%) were of the view that fuel subsidy removal in Nigeria will stop Nigerians from importing from other countries by using the money realized from subsidy regime to rehabilitate our refineries and encourage local production. However, 50 respondents representing (14%) stated that subsidy removal in Nigeria will encourage foreign/local investors in the oil industry by building refineries. More so, 45 respondent (13%) assert that fuel subsidy removal will ensure economic recovery and stability in the country. From the view above, based on the responses of the respondents it clearly shows that fuel subsidy removal in Nigeria will ensure employment opportunity for the teaming unemployed

Nigerians. In an interview with Associate Professor Theophilus Lagi on regards to what fuel subsidy removal portents to Nigerians, he is of the view that:

> Fuel subsidy removal in Nigeria means a lot to Nigerians which means that a lot of Nigerians, most especially income and business men will suffer a lot from the removal why because the resultant effect will be inflation, prostitution and other social vices which reflect the harsh economy. So for me subsidy removal potent hardship, poverty, and unemployment.
>
> On the contrary, Mr Muazu Mohammed of PPPRA is of the opinion that fuel subsidy removal in Nigeria will generate employment opportunity; fuel subsidy removal in Nigeria will stop Nigerians from importing from other countries by using the money realized from subsidy regime to rehabilitate our refineries and encourage local production.

Chart 13: Respondents view on whether oil cabals really exist in the Nigeria oil industry

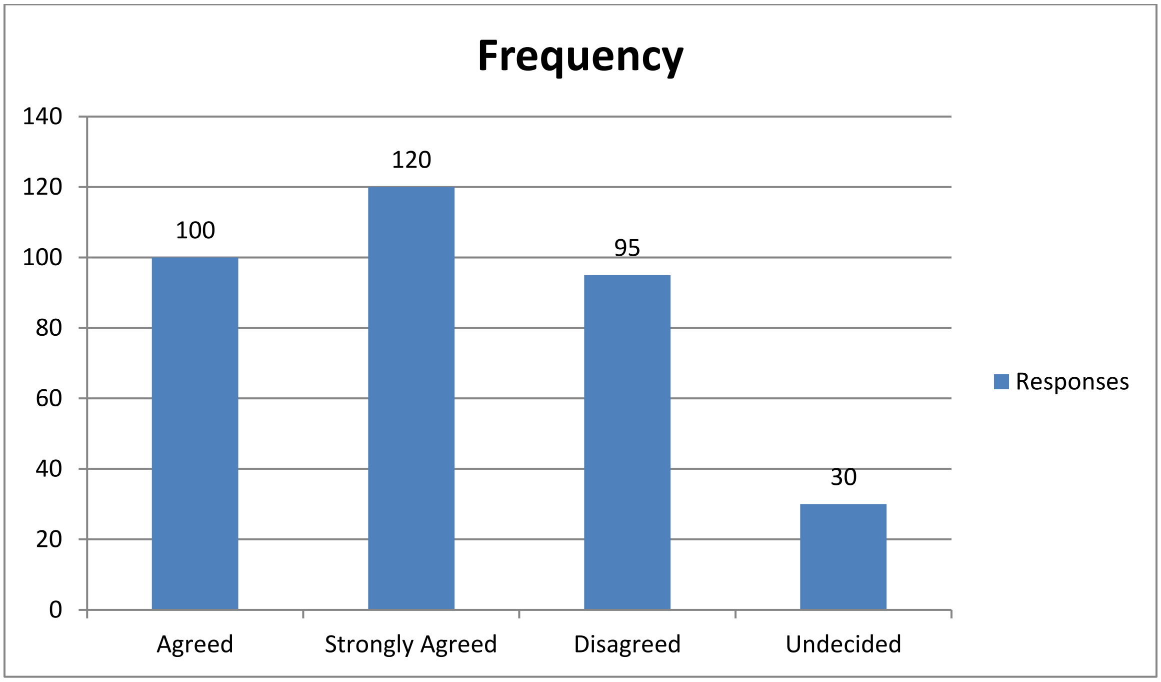


Source: field work November, 2018

The chart above shows the responses of the respondents on their views to know if cabals really exist in Nigeria oil industry 300 respondents representing (86%) agreed to this fact, while 24 respondents representing (7%) disagree with the fact that oil cabals exist in the oil industry, while 11 respondents representing 3% gave void answer and 1 respondent representing 1% did not give any answer. To a large extent, 300 respondents (86%) are of the opinion that oil cabals exist in oil industry evident in most of the exposition by various committee setup by the federal government to probe oil subsidy regime in Nigeria. However, in an interview conducted with Mr. Moses Abraham PPPRA staff at the headquarters in Abuja stated that:

> To an extent, Nigeria oil industry is dominated and manipulated by cabals and most of them are not into oil business and are not registered with PPPRA and have collected billions of naira with the intent of importing fuel but at the end the product is not supplied. He further argue that with the recent crisis bedeviling the oil industry, Nigerians can believe that the industry is dominated by oil cabals were even the federal government and the National Assembly cannot really ascertain the real amount spent on fuel subsidy and those involved in the business of oil importation into the country.

Chart 14 Respondents views on the privatization of refineries.



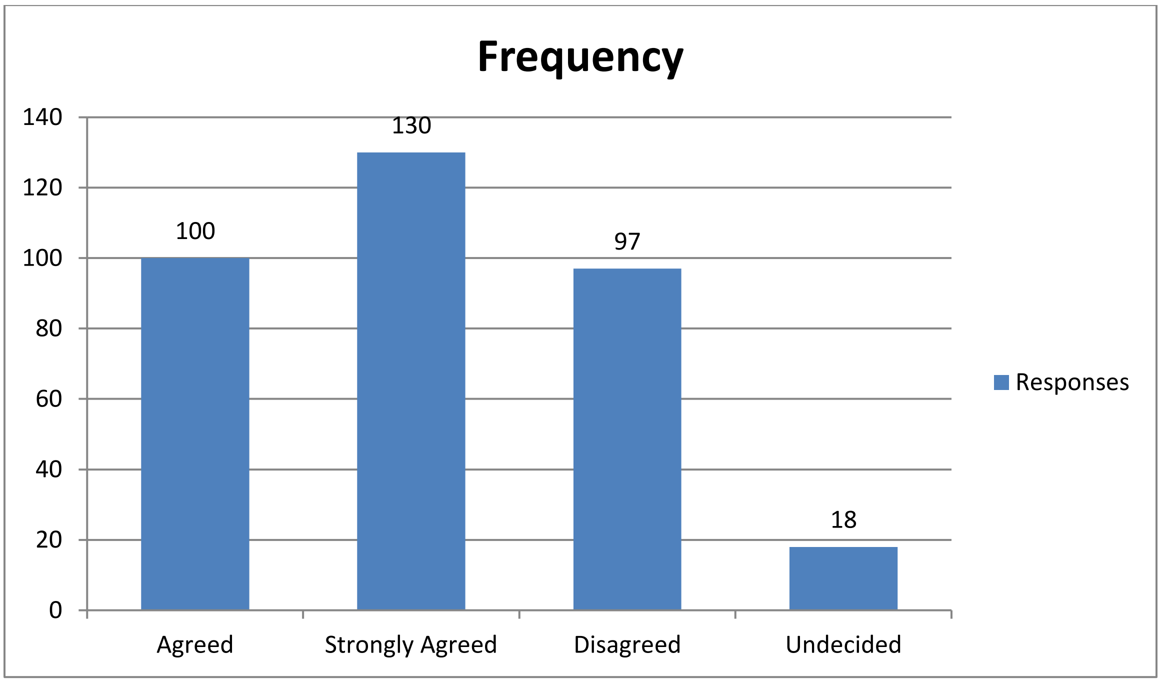
Source: Field Survey November, 2018

The chart above shows the Responses elicited from respondents on privatization of refineries in Nigeria. (29%) of the respondents agreed that privatizing the refineries is the best option for the effective performance of the refineries. While (35%) of the respondents strongly agreed with the view that corruption has bedevil the sector. While (28%) disagree with the view of privatizing the refineries. While 8% were undecided. Therefore, majority of the respondents strongly agree to the assertion of privatizing the refineries for optimum service delivery.

In view of the above responses, the researcher conducted an interview with an NLC Member Emeke Ike in Abuja National Head Quarters to elicit his view on the issue of privatization of refineries. The respondent laments that:

Nigeria National Petroleum Corporation which is in charge of the oil industry in Nigeria suppose to ensure that the industry is meeting up to it responsibility of ensuring the availability of the product by an effective working of the four refineries. But unfortunately since the breakdown of the four refineries in Nigeria, Nigeria has become the exporter of crude oil and an importer of refined oil. By such corruption has become the order of the day in the oil industry. In my opinion, if the government cannot revitalize the four refineries and put in the necessary mechanism to checkmate corruption in the NNPC. if not it will be better to privatize the refineries so that private investors can come in with their technological knowhow to make the industry work effectively.

Chart 15 Respondent views on the various demonstrations/protest on partial fuel subsidy removal in Nigeria, whether they were politically motivated



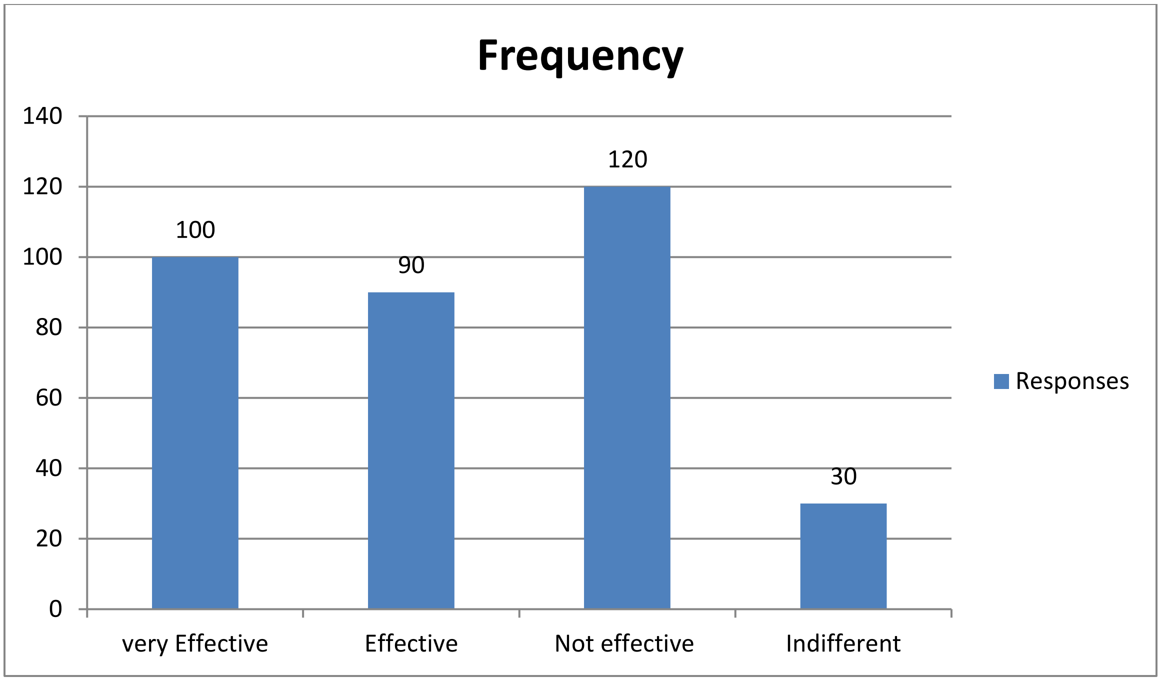
Source: Field survey November, 2018

The chart above shows the responses of the respondent on whether the various demonstrations/protest on partial fuel subsidy removal in Nigeria were politically motivated. 100 respondents representing (29%) agree to the fact that various demonstrations/protest by various groups in Nigeria were politically motivated by the politicians/elite without critically seeing the economic impacts of the subsidy removal on the economy. While 130 respondents representing (38%) strongly affirmed with the fact that demonstration/protest over subsidy removal may be influenced by opposition politicians to gain sympathy from the electorate. More so, 97 respondents representing (28%) disagree with the fact that demonstrations/protest were politically motivated. 18 respondents representing (5%) were undecided. Therefore, with the views of majority of the respondents, the demonstration/protests over the removal of fuel subsidy in Nigeria were said to be politically motivated.

However to compliment the views of the responses in the questionnaire above an interview was conducted with Associate Professor Theophilus Lagi of ASUU Nasarawa State University Keffi. He argue that:

> subsidy as adopted by the government of any kind is made to reduced the price of a particular commodity or products to consumers to benefits from the subsidized product, but on my perception Nigeria government were trying to rob the citizens from their common wealth which supposed to benefits everyone, on that note the civil society organization, the NLC, ASUU been an affiliation of NLC another bodies came out in mass to demonstrate an injustice and hardship cause to many Nigerians as result of the fuel subsidy removal which was not attached to politics. Therefore In the context of Nigeria based on fuel subsidy and its removal I cannot vividly attest that the various demonstrations were politically motivated or not. But on the aspect of labor we view it in terms of economic aspect why because the removal of fuel subsidy will affect the socio-economic live of an individual in the society positively or negatively.

Chart 16 Respondents views on whether the mechanism adopted by the federal government to cushion the effect of partial fuel subsidy removal are effective



Source: Field survey November, 2018

The chart above shows that 120 respondents representing (35%) are of the opinion that the Sure-p programme as adopted by the federal government to cushion the effect of partial fuel subsidy removal was not effective, while 100 respondents representing (29%) were on the view that the machinery adopted was very effective in cushioning the effect while 90 respondents representing (26%) were on the view that the machinery was effective and 35 respondent representing 10% were indifferent.

However to compliment the opinions of the respondents in the questionnaire, interview conducted with Mr Amos Musa a member of NLC. He laments that:

> The federal government have to some extent set out mechanism to cushion the effects of partial fuel subsidy removal such as Sure-p programme in 2012, but government need to do more in the areas of transportation, employment opportunities to youths and pover alleviation.

4.3 Discussion of findings

This study has examined the state and politics of oil subsidy removal in Nigeria from 2011 to 2016. The work ultilized primary sources of information to be able to justify the nature of politics involved in the fuel subsidy removal in Nigeria. As stated earlier, a total of 370 questionnaire were administered out of which a total of 345 were filled and retuned and analyzed. The study covers major research areas embarked as designated population of the study. They include respondents from PPPRA, NNPC, ASUU, and NLC. The responses elicited have guided this study in an immeasurable way. During the investigation in the field, a number of questions have been posed by the researcher while corresponding responses were also given by the respondents. The responses derived during the investigation are quite revealing, and out of which some of the findings have been equally derived.

Thus from the field exercise, and in line with the first objective, fuel subsidy removal and its socio-economic impact in Nigeria, shows that 92 respondents representing 27% have agreed with fact that fuel subsidy removal have impacted positively on the socio-economic development in Nigeria as shown in chart 5 were most of the responses from the respondents agreed with fact the partial fuel subsidy removal have impacted positively on socioeconomic development in Nigeria mostly in the area of social welfare funding. Furthermore, the study revealed that the pattern of politics involved in the desusidization of petroleum product in Nigeria were based on personal interest of most of the personalities involved in the process as shown in chart 6 were 120 respondents representing 35% agreed with the fact that personal interest overshadow collective interest of Nigerians.

More so, the study further revealed that the major reasons why federal government remove fuel subsidy was to stamp out corruption in the oil sector as shown in chart 7 were 73 of the respondents representing (33%) were on the opinion that corruption was the major reason for the removal, while 62of the respondents representing (23%) were of the opinion that federal government reasons for the removal of fuel subsidy was to promote competition. Furthermore the study revealed that the beneficiaries of fuel subsidy in Nigeria are mostly the oil cabals who manipulate the subsidy regime as clearly shown in chart 8 were 245 respondents representing (71%) attest to the fact that the oil cabal benefit more than the intended masses.

Lastly the study revealed that removal fuel subsidy regime has been bedeviled by corruption as clearly shown in chart 9 based on fuel subsidy probe in Nigeria were 85 respondents representing 25 agreed with the fact that with the revelation of fuel subsidy probe committee set up by then former president Dr. Goodluck Jonathan and House committee revealed most of the fraudulent activities of some of oil marketers and official of NNPC and PPPRA were exposed.

Key findings

1. In the cause or process of this research the researcher observed that the partial fuel subsidy removal has impacted on socioeconomic development in Nigeria mostly in the area of social welfare funding, transportation, Agriculture, employment, education and health sector.

2. The researcher also discovered that the pattern of politics involved in the desubsidization of petroleum product was based on selfish interest of some few elites in Nigeria.
3. The researcher also discovered that other sector of the economy such as Agriculture, education, health, etc. were highly neglected during the subsidy regime as such the federal government was reasonable enough in removing fuel subsidy to avoid corruption and develop other sectors of the economy.
4. The researcher also discovered that during the period of fuel subsidy corruption was the order of the day as some major players in the petroleum sector were sharing billions of naira without importing the product of which they were paid for.
5. Finally the researcher also discovered that the masses are not the real beneficiaries of fuel subsidy rather some few oil cabal which constitute a clique as oil importers.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The study has examines the state and pattern of politics involve in the removal of fuel oil subsidy in Nigeria. To achieve our objectives, the study was structured in to five chapters. Chapter one introduced the entire thesis, including an introduction to the study under investigation, statement of the problem, research questions, objectives of the study, research propositions, significance and scope of the study. Chapter two provided review of relevant literature and over view of Nigeria petroleum industry and the pattern of politics involved in the removal of fuel subsidy in Nigeria as well as theoretical framework of analysis. In chapter three, the research methodology adopt such as research design, population of the study, sample size, sample technique, method of data collection and analysis were discussed. The chapter focuses on data presentation and analysis, charts were used to present respondents views in a meaningful way. The fifth chapter consists of summary, conclusion and recommendations.

5.2 Conclusion

A majority of Nigerians accepted the fuel subsidy removal because they were not actually the once benefiting from it. It was the hope of the masses that the money realized from the removal of subsidy on fuel to develop other sector of the economy from which the masses could benefit. The people always agitates against the removal of fuel subsidy not because they did not know its importance and what they will benefit from it in the long run but because of the high level of mistrust they had in the government and also the wrong timing and execution of the policy. Since the fuel subsidy removal has come to stay, the people are now asking that the government should provide palliatives measures that will cushion the adverse effect in the long run. In a nut shell the removal of fuel subsidy will be good for Nigerians and if properly applied will go a long way in reviving and sustaining the other sectors of the economy.

5.3 Recommendations

The major findings obtained from the simulation analysis of the study makes it necessary to point out a number of policy recommendations. They are presented below:

i. The federal government of Nigeria should be able to do more and adequately develop other sectors of the economy such as education, agriculture, transportation, health and provide social amenities to impact on socioeconomic lives of Nigerians.

ii. The federal government should be determined and look much into the interest of majority Nigerians in formulating and implementing policies that affect the well being of Nigerians.

iii. Palliative measures should have been put in place before removing subsidy on fuel in other to help cushion the adverse effect of the subsidy removal based on the reasons of corruption advance by the government for the removal of fuel subsidy in Nigeria.

iv. Again, the people who pose as independent marketers who import this oil and sell to Nigerians and those who smuggled the already subsidized oil to make greater profit at the expense of the federal government and the entire Nigerian masses has to be stopped. Corruption has to be tackled in the oil sector.

v. The various law enforcement agencies such as the EFCC and ICPC need to be fully empowered and well funded to perform effectively such as to deal with the problem of corruption in the oil industry.

5.4 Limitations of the Study

The problem encountered most often in the research of this magnitude is the challenge of validity. This is often experienced mostly in the area of questionnaire administration and retrieval. It is essentially so because most respondent are either not having the much time to go through the questionnaire thoroughly or they may not be interested in responding to basic problems of research. This could lead to misguided research in most circumstances. The researcher will therefore develop necessary skill to properly guide the respondent in the cause of this work. This is to minimize certain unforeseen errors that could render the generalization invalid at the end of the investigation.

5.5 Suggestions for further studies

A) Fuel subsidy and poverty reduction in Nigeria.

B) Deregulation of petroleum product price and its impact on the Nigeria economy.

C) Nigerian downstream oil sector deregulation and efficient petroleum pricing.

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APPENDIX I

Department of Political
Science, Faculty of Social
Science, Nasarawa State
University,

P.M.B 1022,

Keffi.

Nasarawa State.

Dear Respondent,

Research Questionnaire/ Interview

I am a Ph.D student of political Economy and development studies of the above named institution, undergoing a research on

"The State and the Political of Oil Subsidy Removal in Nigeria; 2011-2016."

The questionnaire/interview serves as a means towards data collection and will also assist in achieving the desired result of the research. Therefore, all information given in the course of this research will be strictly treated with utmost confidence and for the purpose of the research only.

Thanks for your anticipated cooperation.

Shawai Joseph
NSU/SS/Ph.D/PEDS/0019/16/17
shawaijoseph2016@gmail.com

APPENDIX II

QUESTIONNAIRE

SECTION A: Socio-Demographic Data of the respondents

1. Highest educational qualification:…………………………………………………………….
2. Employment Status:………………………………………………………………………..
3. Occupational Distribution:…………………………………………………………………….

4. Gender ……………………………………………………………………………………..

5. Organization …………………………………………………………………………………

SECTION B: Issues relating to Politics of Oil Subsidy Removal in Nigeria

6. There has been noticeable impact of partial fuel subsidy removal on the socioeconomic development in Nigeria.

Agreed ☐ Strongly Agreed ☐ Disagreed ☐ Strongly Disagreed ☐ Undecided ☐

7. What are the patterns of politics involved in the desubsidization of petroleum product in Nigeria? ____

____
____

____

8. For which of the following reasons did the federal government remove subsidy on fuel?

   a. To stamp out corruption in the oil sector ☐
   b. To encourage competition ☐
   c. To raise a standard of living ☐
   d. To reduce the rate of borrowing from international monetary institutions ☐
   e. To develop other sector of the economy ☐

9. Who are the beneficiaries of government subsidy on petroleum products?

____

____

____

____

10. The fuel subsidy probe has exposed corruption in the oil sector in Nigeria.

Agreed ☐ Strongly Agreed ☐ Disagreed ☐ Strongly Disagreed ☐ Undecided ☐

11. Has other of the economy benefited from the partial fuel subsidy removal in Nigeria?

(a) yes ☐ (b) no ☐ (c) neutral ☐ (d) undecided ☐

12. Is the deregulation of the oil industry the solution to the crises in the sector?

Agreed ☐ Strongly Agreed ☐ Disagreed ☐ Strongly Disagreed ☐ Undecided ☐

13. What does fuel subsidy removal portents for Nigeria

Options	**Tick**
Generate employment opportunity	
Stop Nigeria from importing fuel from other Countries	
Attract foreign/local investors to build refineries	
Ensuring economic recovery and stability in Nigeria	

14. Does oil cabals really exist in Nigeria oil Industry?

Agreed ☐ Strongly Agreed ☐ Disagreed ☐ Strongly Disagreed ☐ Undecided ☐

15. Is privatization of NNPC or refineries the solution for effective performance?

Agreed ☐ Strongly Agreed ☐ Disagreed ☐ Strongly Disagreed ☐ Undecided ☐

16. Was the various demonstrations/protests on partial fuel subsidy removal in Nigeria politically motivated?

Agreed ☐ Strongly Agreed ☐ Disagreed ☐ Strongly Disagreed ☐ Undecided ☐

17. Were the mechanism adopted by the government effective in cushioning the effects of partial fuel subsidy removal in Nigeria?

(a) very effective ☐ (b) effective ☐ (c) not effective ☐ (d) indifference ☐

18. What level of impact has been felt in the other sectors of the economy?

Sectors	Very high	High	low	Very low	Not at all	Don’t know
Agriculture						

Health						
Transportation						
Communication						
Education						
Power						
Social amenities						
Infrastructures						

APPENDIX III

INTERVIEW SCHEDULE

INTERVIEW SCHEDULE

1. In your opinion why has Nigerian not benefited from the partial deregulation of the oil downstream sector?
2. Is there any justification for the removal of fuel subsidy in Nigeria?
3. Do you think that deregulation is only solution to end crises in the oil industry?
4. What are the reasons for the incessant increase in the price of fuel in Nigeria?
5. Do cabals really exist in the Nigeria oil industry?
6. Has the money realized by the government on the partial deregulation of petroleum product injected into other sectors of the economy?
7. Has the payment of subsidy on petroleum products impacted on socio-economic development of the country?
8. Are you in support of full deregulation policy in the Nigeria oil sector?

APPENDIX IV

ANALYSIS OF DIFFERENT PETROL ADJUSTMENTS AND DIFFERENT PUMP PRICES BY THE DIFFERENT ADMINISTRATIONS FROM 1973 TO 2016 IN NIGERIA.

S/N	Year	Administration	Price	Price Increase	Percentage Increase
1	1973	Gen. Yakubu Gowon	6k to 8.45k	0.408	40.8
2	1976	Gen. Murtala Muhammed	8.45 to 9k	0.065	6.5
3	1st Oct, 1978	Gen. Olusegun Obasanjo (as Military)	9k to 15.3k	0.7	70
4	20th April, 1982	Alh. Shehu Shagari	15.3k to 20k	0.307	30.7
5	31st March, 1986	Gen. Ibrahim Babangida	20k to 39.4k	0.97	97
6	10th April, 1988	Gen. Ibrahim Babangida	39.5k to 42k	0.063	6.3
7	1st January, 1989	Gen. Ibrahim Babangida	42k to 60k	0.43	43
8	Dec. 1989	Gen. Ibrahim Babangida	60k	0	0
9	6th March, 1991	Gen. Ibrahim Babangida	60k to 70k	0.167	16.7
10	8th Nov, 1993	Chief Ernest Shonekan	70k to ₦5.00k	6.143	614.3
11	22nd Nov, 1993	Gen. Sani Abacha	₦5.00k to ₦3.25k	-0.35	-35
12	2nd Oct, 1994	Gen. Sani Abacha	₦3.25k to ₦15.00k	3.616	361.6
13	4th Oct, 1994	Gen. Sani Abacha	₦15.00k to ₦11.00k	-0.267	-26.7
14	20th Dec, 1998	Gen. Abdusalam Abubakar	₦11.00k to ₦25.00k	1.273	127.3
15	6th Jan 1999	Gen. Abdusalam Abubakar	₦25.00k to ₦20.00k	-0.2	-20
16	1st June, 2000	Olusegun Obasanjo (as Civilian Ruler)	₦20.00k to ₦30.00k	0.5	50
17	1st Jan,2000	Olusegun Obasanjo (as Civilian Ruler)	₦30.00k to ₦22.00k	-0.267	-26.7
18	1st Jan, 2002	Olusegun Obasanjo (as Civilian Ruler)	₦22.00k to ₦26.00k	0.182	18.2
19	June to Oct, 2003	Olusegun Obasanjo (as Civilian Ruler)	₦26.00k to ₦42.00k	0.615	61.5
20	29th May, 2004	Olusegun Obasanjo (as Civilian Ruler)	₦42.00k to ₦50.00k	0.191	19.1
21	25th August, 2004	Olusegun Obasanjo (as Civilian Ruler)	₦50.00k to ₦65.00k	0.3	30
22	27th May, 2007	Olusegun Obasanjo (as Civilian Ruler)	₦65.00k to ₦100.00k	0.539	53.9
23	June 2007	Alh. Umaru Shehu Yar'adua	₦100.00k to ₦65.00k	-0.35	-35
24	1st Jan, 2012	Dr. Goodluck Jonathan	₦65.00k to ₦97.00k	0.492	49.2
25	Jan, 2015	Dr. Goodluck Jonathan	₦97.00k to ₦87.00k	-0.103	-10.3
26	May, 2016	President Buhari	₦87.00k to ₦145.00k	0.667	66.7

Sources: (Adeniran, 2016c; Ering et al 2012 and Eyiuche, 2012).

APPENDIX V

MARKETERS THAT DID NOT OBTAIN FOREX, BUT CLAIMED TO HAVE IMPORTED PETROLEUM PRODUCTS BASED ON WHICH THEY HAVE COLLECTED SUBSIDY

S/N	NAMES OF MARKETERS	2010 subsidy. As per accountant general #	2011 subsidy as per general accountant #
1	Bonvas and company	-	10,992,583,784.50
2	Brila energy lid		963,796,199.85
3	Ceoli ltd		2,944,681,700.17
4	Eco-reyen ltd	-	1,988,141,091.10
5	Eurafic oil and coastal service ltd		3,189,069,707.43
6	First deep water discovery	25",396,183,68	4,061,148,533.35
7	Knight bridge	1,685,869,439.29	2,706m273m858.82
(3	Mobil oil Nigeria pic	3,991, 754,441.53	3,060,232m3 3 5.26
9	Nababo energy ltd	247,184,147,50	2-,660,902,801,58
10	Ocean energy tradry &.service ltd	-	1,778,180.051.20
11	Origin oil and gas ltd	-	2,703,454,122.11
12	Someoest energy services	959,012,939.72	2,056,208,548.22
13	Sulphur-steam ltd	-	4,758,693,052.00
14	Swift oil	-	5,062,403,548, J 8
15	Frapro international ltd	-	1,486,837,448.90
16	Fradro international ltd		1,148,792,391.50
17	Vivendi energy Nigeria ltd	-	1,095,790,255.02
	Total	7,141,217,151.72	55,019,978.40 i. 14

Source: Technical Committee Report 2011

APPENDIX VI

MARKETERS NOT REGISTERED WITH PPPRA BEFORE THEY GOT FIRST ALLOCATION FOR PRODUCT SUPPLIES

S/N	NAMES OF MARKETERS	DATE OF REGISTRATION WITH	DATE OF Ist ALLOCATION
1	Anosyke group of	24th Jan 2.01 1	18th Jan 2011
2	Brila energy ltd	15th Oct. 2010	8th Oct 2010
3	Cades oil and gas ltd	8th April 20! 1	9th feb 2011
4	Ceoti ltd	26* Jan 2011	18* Jan 2011
5	Downstream energy	15* Oct. 2010	8* Oct 2010
6	Duport ltd	5"' Nov. 2010	18* Jan 2010
7	Fradro	20"' Jan 2011	18* Jan 2010
8	F radro	20* Jan 2011	18* Jan 2011
9	Fresh engery ltd	5* August 2011	2nd August 2011
10	Linterale	Ist Feb. 201 1	30* Dec 2010
11	Lingo oil and gas	15* Oct 2010	8* Dec 2010
12	Lottos oil and gas ltd	12* August 2011 -	18* Dec. 2009
13	Menol oil and gas ltd	28* Jan 2011	10* August 2010
14	Naticel petroleum ltd	10* Dec 2010	10* August 2010
15	Oakfieild synergy	5* August 2011	2nd August 2011
16	Oil bath Nigeria ltd	4* August, 2011	2nd August 201 1
17	Rocky energy ltd	27*Jan. 2011	I^{s}'Jan 2011
18	Prudent energy and	12* August 2011	2nd August 2011
19	Spoy Petrochemicals ltd	23rd June 2010	4* June 2010
20	Yanaty Petrochemicals nig ltd	15* Oct. 2010	8* Oct 2010

Source: Technical Committee Report 2011

APPENDIX VII

MARKETERS THAT NEVER APPLIED TO PPPRA FOR PRODUCT SUPPLIES BEFORE THEY GOT THEIR FIRST ALLOCATION

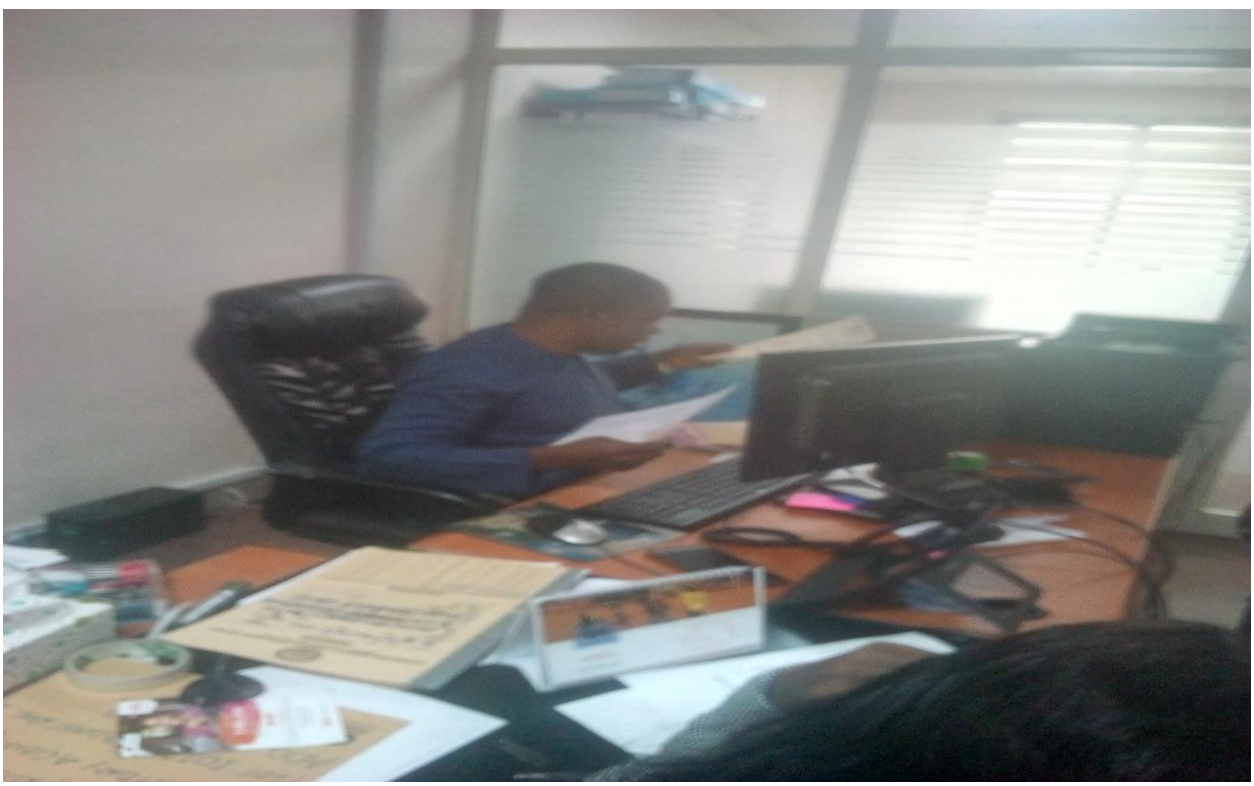
S/N	Names of marketers	Date of 1^{S1} allocation	Date of 1st allocation to PPPRA	Quantity allocated
I	Cadees oil and gas ltd	9 February 2011	13 June 2011	15,
2-	Lottos oil and Gas ltd	18lh Dec. 2009	11th May 2011	10.000M
3	Mob integrated service ltd	8th Oct. 2008	20 April 2010	15, 000MT

Source: Technical Committee Report 2011

The researcher and Associate Prof. Theophilos Lagi ASUU zonal coordinator, Northcentral

Comr. Ayuba Waba and Mr John Bulus Research Assistant At Labour House Abuja

Mr. Moses Bulus PPPRA Staff Abuja



Secretary to the Chief executive Secretary PPPRA Abuja

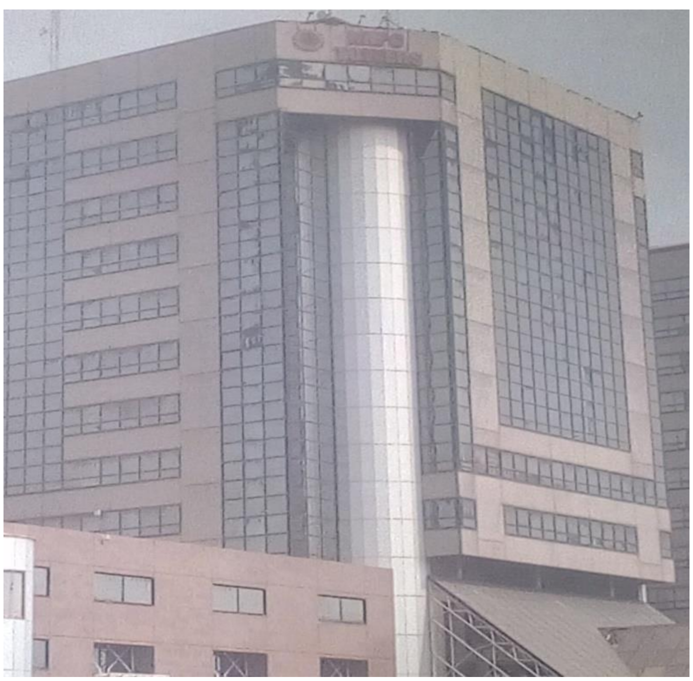
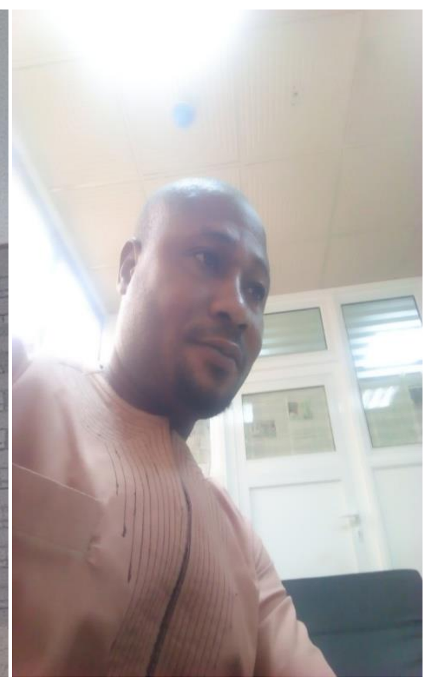
The researcher with the staff of National Bureau of Statistics Abuja

The researcher with the staff of National Bureau of Statistics Abuja

The researcher with the staff of National Bureau of Statistics at the national head quarters Abuja

The researcher and the staff of PPPRA Abuja

The researcher and the Staff of National bureau of statistics at the national head quarters Abuja

NNPC Tower Abuja (NNPC Abuja)

The researcher, Mr. Shawai Joseph