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The Nigerian Economy and Fuel Subsidy Removal: An Analysis of the Amac of Abuja

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ABSTRACT

Nigeria's 2023 Fuel Subsidy Removal Policy aims to ensure fiscal sustainability and align with global trends regarding the abolition of fossil fuel subsidies. Reducing socioeconomic disparities caused by inflation, ignoring spending near subsidy thresholds and poor fund management in the transportation, health care and education sectors are some of the challenges of the policy. Social impacts: changes in dominant language, identity, culture, customs, sense of place, major employment, social infrastructure, dominant industries and economic basis. Fuel subsidy withdrawal is expected to lead to socioeconomic implications in Nigeria in 2023 as follows: Over 7 years, the government embezzled $80 million of fuel subsidy funds through corruption and inefficiency in Nigeria's petroleum importation network. Life as a Nigerian is affected by the elimination of gasoline subsidies in different ways. The positive: Small business operating costs have increased 3x, due to increased consumption and transportation costs. The World Bank calls for an urgent response to overcome financial problems; combat corruption; further promote market-based pricing; and encourage investment. Immediate economic impacts of eliminating fuel subsidies include a sudden increase in fuel prices which affect the cost of transportation and food inflation. Nigeria's environmental situation will be strongly impacted by the end of fuel subsidies, especially in terms of carbon emissions and mitigation of climate change. It is a sea change that Nigeria has embarked upon. But the sustainability of these renewable resources depends on being balanced in their use and properly managing the grid. The oil industry's opportunities and challenges will be those associated with the withdrawal of fuel subsidies, including the expansion of domestic refining capacity. Some mitigation techniques include targeted social safety nets, gradually removing subsidies; budget transparency; public communication and education; and measures to accommodate the need for alternative forms of transportation. Individual citizens can play a role in developing energy efficient habits; creating financial plans and budgeting strategies, and choosing alternate modes of transportation.

INTRODUCTION

Volatile social inequalities, environmental sustainability, political viability, and economic factors fuel Nigeria's Fuel Subsidy Removal Policy from 2023. The massive change constitutes one of the country's defining moments with respect to historical, social and environmental impacts. With the removal of subsidy policies, Nigeria aims to shift towards scope of improved fiscal sustainability and alignment with global fossil fuel subsidy reduction trends. The goal of this approach is marked by obstacles, which include socio-economic disparities arising from toxic living conditions brought about by inflation. Inconsiderate expenditure along the subsidy cutoff harshly impacts crucial the societal resources while efficient reallocation allows for the improvement of specified sectors. Education, health care, and transportation sector financing, if mismanaged, poses a threat to social equality, welfare, and socioeconomic growth. Disclosure of marked societal inequities requires strategic attention poised to ensure improved essential services devoid of adverse impacts. There are positive and negative direct and indirect implications affecting Nigerian society and economy which are proximately interlinked upon subsidy removal. These intricate layers require balance to obtain said groundbreaking outcome that resonates funds with energy-powered subsidized economy motivating social services.

The research questions are in twofold:

1. How can Nigeria balance the socio-economic ramifications of subsidy removal while managing domestic and foreign case studies such that Nigeria achieves a wealthy, equal society?
2. What are the socio-economic impacts of subsidy removal, and how does it relate to social welfare, environmental sustainability, and economic efficiency?

This study looks at the relationship between the economy of Nigeria and the removal of fuel subsidies, focusing on the Abuja Municipal Area Council of the Federal Capital Territory of Abuja. The research expands on understanding the intricate implications towards enhancing social welfare, environmental protection, and achieving economic growth and equity through the elimination of petroleum subsidies. It highlights the underlying problems and possibilities of the research, including the requirement for social balance that need integrated policy solutions.

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The implications of the study reach further than Nigeria, serving as a roadmap for other nations trying to shift their subsidy policies or develop pathways for a sustainable energy transition. The outcomes as a whole can assist experts, policymakers, and other stakeholders to formulate informed choices through international efforts which are aimed at mitigating global warming, advancing sustainable economic development and ensuring equity in socio-economic impacts.

Also analyzed is the socio-economic effect of the subsidy removal on Nigeria in 2023 with regard to a particular community's sense of place, major employment, dominant language, identity, culture, traditions, and changes to a community's social infrastructure, dominant industries, and economic foundation. The work is organized into five chapters with an introduction, a background part, a statement of the problem, research question, aim and scope detailing boundaries encompassing significance, delimitations, important concepts, how the data was gathered, methodology, data presentation and analysis, summary, recommendations, and conclusion. This analysis helps fill some gaps in the literature regarding the impacts of subsidy reform on developing economies and the responses required to achieve sustainability and prosperity within the economy.

LITERATURE REVIEW

Conceptual Framework

Nigeria, Africa's largest oil producer, has a dualistic economy that revolves around accessing and marketing cheap petroleum products (Nweze, 2012). The oil sector is the main external sector responsible for the earning of foreign exchange and government revenue (Ogwumoke & Ogunleye, 2008). Nevertheless, the historical legacy of oil and its rent has led to economic costs in the form of market or price distortions, price volatility, corruption, and inefficiency (Manjo, 2023). Fuel subsidies, which have been in place since the 1970s, have also made subsidized oil available to the average family for transportation and power. Withdrawal of fuel subsidies in May 2023 has been a subject of academic and policy debate. Subsidies may come in different types; directly and indirectly, it can be used to reduce the costs of products and services for the consumers and producers (Ogundipe, 2013). We had two forms of subsidies in Nigeria, when the Tinubu administration took over, we ratified gasoline price throughout the country. This study aspires to explore the likely benefits, challenges and repercussion of fuel subsidy removal on the Nigeria economy.

Corruption and inefficiency in Nigeria's fuel importation process have been a significant issue since the fourth republic came into power in 1999. Nigerian government has found it difficult to establish and ensure reliable figure of what is being imported in form of fuel, the foreign exchange spent on the imported fuel and the volume of imported fuel on constant basis (Faruq, 2012). There is also the issue of large-scale cross-border petroleum product smuggling from Nigeria to the neighboring countries, but is hampered by collusion between various lawless security formations (Senate Committee, 2012). Between that time and 2007, the federal government spent N2.5 trillion on fuel subsidies yet there was only N245 billion in the budget as provision for fuel subsidies (Federal Budget, 2011). Many of the distortions in the oil sector since the Jonathan administration are due to fraud and other dishonest practices of the Oil Marketing companies and the NNPC and other government agencies some of which they make partnership (Emmanuel, 2012). These companies operate by stockpiling fuel, creating import documents, claiming subsidy payments for oil products that never arrived in Nigeria, over-billing and fabricating demurrage and other additional fees to increase the landing costs of imported fuels on which gas pump prices are based (Nweze, 2012). Corruption in fuel subsidies persists under the Buhari administration. The Human Rights Writers Association of Nigeria (HURIWA) claimed the Buhari administration misappropriated $7 billion of gasoline subsidy cash over seven years (2015-2022). The House of Representatives had already developed an Ad hoc committee to investigate the petroleum subsidy programme from 2017-2021 prior to HURIWA's claims. The committee confirmed NNPC duplicating subsidy amounts and diverted more than $7 billion and crude oil from more than 120 million barrels accounting for more than $10 billion in diverted crude oil revenue from 2017-2021 (House Report, 2022). The daily fuel for Nigeria is not consistent, demonstrating a lack of accountability and transparency with the Buhari administration's fuel subsidy regime. Nigeria's Finance Minister, Zainab, stated the country spends N18.69 billion a day on the petroleum subsidy with a daily petrol use of 64 million litres of fuel. For the rest, NNPC has recovery for the landing cost of petroleum for N448 a litre. Yet, Ibrahim Aliyu, House Ad-hoc Committee Chairman, has questioned the Minister's numbers stating Nigeria's daily fuel consumption for motorsports was only 32 million litres as of 2022. Between January and May, for instance, Nigerians purchased PMS at N300 to N600 per litre.

Nigeria's economy has struggled since the 1960s, especially in critical areas such as fuel, education, power, and foreign exchange. Fuel subsidies were made official in 1977 and the profit price to sell certain goods (including gasoline) was set (Zainab, 2022). Many commentators have alleged that the countries resources have been squandered and poorly managed. However, it would be off the mark not to acknowledge a large proportion of the country's financial resources that is committed each year that pays for the fuel subsidy plan. In January 2012, President Jonathan announced for the first time the removal of gasoline subsidies period. This increased the price of gasoline and marked the beginning of a series of protests called "Occupy Nigeria." In President Bola Tinubu's inaugural speech on 29 May 2023, he declared that Nigeria will abolish fuel subsidies that are causing fiscal problems (Manjo, 2023).

The government decision to abolish the fuel subsidy was

justified, as it would allow the government to reengineer the nation's resource management and fulfill its duties to Nigerians (House Report, 2022). Nigerian Director of the Centre for the Promotion of Private Enterprises, Dr. Muda Yusuf has been a proponent for the removal of the fuel subsidy because the fuel and foreign exchange subsidy regime are a massive burden and encumbrance to the Nigerian economy (House Report, 2022). The World Bank and the International Monetary Fund (IMF) have provided their whole support for the removal of the fuel subsidy at the time of this writing, although some are arguing that President Tinubu's removal of the subsidy during his inaugural address may be considered as "taking the bull by the horns." The Independent Petroleum Marketers Association of Nigeria (IPMAN) were also supportive of the removal of gasoline subsidies, claiming that the removal of the subsidy will hugely benefit and positively impact the Nigerian economy (Zainab, 2022).

IPMAN supports President Tinubu's removal of the gasoline subsidy from Nigeria's national budget, stating that it is the only way to free up funds for development. IPMAN believes that the subsidy has benefitted the rich more than the impoverished, and that, any country cannot prosper without the deregulation of its economy. The moral of the paper is that the gasoline subsidy regime is corrupt, and the government cannot address or fix the corruption. Kperogi (2023) gives four basic arguments for the removal of the fuel subsidy: (1) the government's position that the subsidy benefits a few elites, not the masses (over 3,500 citizens were killed by bandits in 2021 while the price of food rose by 136% from 2020); (2) the need to fund public sectors (infrastructure, health, education and virtually all the infrastructure); (3) the subsidy has benefited consumption while the cost of production is expensed at the cost of the taxpayers; and (4) the authors position that the unfairness of the subsidy is wrong is appealing to reasoning that this is a proposition which farmers, health workers, manufacturers and traders ought to pay.

Before the removal of the fuel subsidy in May 2023, various Nigerian administrations spent large proportions of their national budgets on gasoline subsidies. These funds would have been put to better use in infrastructure, power, education, and health. Other key sectors of the Nigerian economy lagged due to insufficient earnings which were being eroded by the burdensome subsidy payments during the Buhari Administration. There are seven critical issues that the subsidy could no longer sustain past June 2023:

1. Uncontrollable and unmanageable costs of subsidized expenditures: The Nigerian government had gasoline subsidies alone to the tune of over $30 billion. With these funds, infrastructure could have received a boost considering the deficit is freely available.

2. Fuel subsidy beneficiaries: The lower income households comprise less than 3% of total fuel sold. Other private enterprises, public transport, government owned buses and trucks, and various businesses make diesel. The government was only subsidizing gasoline that the rich could afford to avoid purchasing at market prices.

3. Open border policy along with rampant subsidized fuel PMS smuggling to Niger, Benin, Chad, and Cameroon has led to increased Nigerian fuel consumption.

4. Corruption: The fuel subsidy plans encouraged arbitrariness and corruption, as it provided a subsidy point for fuel importation or supply rather than at the pump for qualifying users alone.

The report reveals that fuel subsidies hindered Nigeria's oil and gas industry from growing and attracting foreign direct investment. Despite the country's vast oil and gas resources, Nigeria committed to attaining net zero emissions by 2060 through the Climate Pact and the enactment of the Climate Change Bill. This contradicts the need for Nigeria to continue subsidizing fuel, as fossil fuel usage produces emissions. The NNPC's remittance stoppage between 2020 and 2023 led to a decrease in funds distributable in the Federation Account's sharing pool. The Tinubu Administration claims that the economy and people of Nigeria will benefit from eliminating fuel subsidies (Kperogi, 2023). First, local refineries will be encouraged to produce more petroleum products, reducing Nigeria's reliance on imported fuel, improving the economy, and providing jobs for Nigerians. Second, the elimination of fuel subsidies will lead to a rise in private petroleum product imports, breaking the NNPC's monopoly on the market. Third, the elimination of gasoline subsidies will guarantee constant access to gasoline for all Nigerians and lessen oil marketers' diversion (Kperogi, 2023).

However, the removal of fuel subsidies has both positive and negative effects on Nigeria's daily life. Many Nigerians struggle to pay for food, healthcare, and education, with operational expenditures of small enterprises tripled due to fuel usage and transportation costs. The cost of transportation has increased, affecting pricing, profit margin, worker discretionary income, and overall cost of living. The government has confirmed that the removal of fuel subsidies represents a significant and radical shift in Nigeria's economic policy, emphasizing the need to address fiscal challenges, eradicate corruption, promote market-driven pricing, and encourage investment. However, the current situation negatively affects the standard of living, as rising transportation costs and inflation have reduced worker purchasing power, disproportionately affecting small businesses and students (Evans *et al.,* 2023).

Theoretical Framework

Getting rid of subsidies should entail a multi-pronged approach that integrates different theoretical perspectives. Economic concepts such as the Rational Choice Theory illustrate the ways in which consumers modify their expenditure behavior to rising prices, when subsidies are eliminated. Political theories--like the Public Choice Theory--illustrate how public opinion, and power relationships contribute to government decisions

to eliminate subsidies. Social theories like the Theory of Social Conflict shed light on conflicts and disputes that occur when policies threaten the welfare of different social groups. Environmental theories, mainly under climate action, consider the ecological impacts of subsidy elimination. It is noted here that the Ecological Modernization theory would suggest that policies can be changed such that less fossil fuel is consumed and more sustainable behaviors are adopted. This sets a good foundation for this discussion because it brings in how the elimination of fossil fuel subsidies can be put into practice to enforce the adoption of greener, more energy-efficient technologies and sources of energy (Van Valkengoed & Van der Werff, 2022). To understand fully what happened in Nigeria in 2023 concerning subsidy removal, an amalgamation of inputs from various frameworks coupled with actual evidence will suffice.

Nigeria's choice subsidized consumers fuel stop in 2023 was a complicated and controversial one. The subsidy scheme has been in operation since the 1970s. It was meant to control gasoline prices for consumers below global rates and use government funds to make up the difference (Obasi *et al.,* 2017). This raised issues about whether the scheme benefited more the rich than the poor, with an emphasis that it did not have negative impacts on the most vulnerable groups in society. More of such funding would probably be made available for public infrastructure, healthcare, and education, as per government pronouncements because consumption of fuel subsidies is also part of inefficiencies and financial leakage Houeland (2020). This exceeds funding infrastructure, healthcare, and education monthly by $1.22 billion; this expenditure covers more than such expenditures purportedly illustrates reallocation and prioritization in budgets (Apeloko & Olajide, 2012). Its announcement generated public excitement and official comments. This is because the policy had tremendous economic implications as retail fuel prices were expected to be lifted from the official 185 naira pump price to between 350 naira ($0.76) and 550 naira ($1.18) (Ude, 2023). Nigeria's 2023 withdrawal of subsidies reminds us of earlier moments, like the 2012 riots against subsidies. The economic, political, and social factors that drive decisions about removing subsidies and their impacts are articulated through comparison. The 2023 choice matches the platforms of the key contenders for president in 2023, showing a political agreement on the need for change. The economic setting shows the continued financial weight that subsidies impose on Nigeria's economy. In both instances, political factors are visible. "text": "A partial reversal was forced in 2012 due to public uproar and labor union protests against President Goodluck Jonathan's plan to remove subsidies.

President Bola Ahmed Tinubu made the announcement about the elimination of subsidies in 2023, demonstrating his administration's commitment to tackling economic issues and averting a similar response from the public (Ude, 2023). The possible economic implications of eliminating subsidies have generated much discussion, especially in relation to government budgets and fiscal dynamics. Recent studies have examined the effects of eliminating fuel subsidies on the agriculture industry through a simulation study that employed a dynamic Computable General Equilibrium (CGE) technique. The elimination of subsidies has complex economic effects on fiscal dynamics and government budgets. Changes in consumer prices and inflation have been much discussed since the elimination of petroleum subsidies may have a substantial impact on consumer prices and inflation.

Part of the rollback was reversed in 2012 after public outcry and labor union demonstrations erupted over a President Goodluck Jonathan proposal to eliminate subsidies. In his own case, President Bola Ahmed Tinubu announced the removal of subsidies in 2023 proving his government's resolve to address economic challenges and prevent a riotous reaction from the people (Ude, 2023). Discussion around the potential effects on the economy of subsidy removal has been extensive, particularly with respect to public finance and fiscal dynamics. Recent research has analyzed the impact of fuel subsidy removal on agriculture via a simulation analysis that used a dynamic CGE approach. Removal of subsidies has intricate impacts on fiscal dynamics and government budgets. CPI and inflation have been widely debated as removing the petroleum subsidies can have a significant effect on consumer prices and inflation.

The National Bureau of Statistics (NBS) reports that Nigeria's CPI increased to 22.41 percent in May 2023, which is the country's sixth consecutive increase in inflation this year. Subsidies can interact with oil price dynamics, influencing consumer price behavior in Nigeria. Policymakers need to adopt a comprehensive approach that considers not only immediate fiscal advantages but also long-term economic stability (Ude, 2023).

Nigeria's elimination of subsidies, particularly in the petroleum industry, has serious economic implications, particularly for its foreign exchange reserves and trade balance. The removal of fuel subsidies may directly affect the amount of foreign money available, perpetuating Nigeria's dependency on imported refined petroleum products and straining the trade balance. This distortion in foreign exchange allocation could potentially affect the economy's stability.

The societal implications of the elimination of subsidies are significant, especially for vulnerable populations. Research by Rentschler (2016) emphasizes how changes to fossil fuel subsidies can have a disproportionately negative impact on particular areas and people. Mmadu and Akan (2013) and Ovaga and Okechukwu (2012) provide insights into the interaction between subsidies and disadvantaged groups. The World Bank emphasizes the need for adequate compensation and transfer mechanisms to mitigate the adverse effects on vulnerable populations.

Public opinion and political backing play a crucial role in the Nigerian government's approach to subsidy

removal. Key presidential candidates have expressed commitments to remove fuel subsidies, but the lack of a clear plan raises concerns (Ude, 2023). Public perception is divided between efficiency and equity, with efficiency advocates advocating for efficient resource allocation and equity-focused advocates emphasizing the broader social impact, particularly on vulnerable populations (Al Jazeera, 2023). The loss of subsidies has significant social ramifications, especially for young Nigerians who are involved in social movements and demonstrations. The immediate economic fallout from the elimination of gasoline subsidies included a sharp increase in fuel prices, impacting transportation expenses and food inflation. The removal of gasoline subsidies in Nigeria will significantly impact the country's environmental landscape, particularly in terms of carbon emissions and climate change mitigation (Al Jazeera, 2023).

The removal of fuel subsidies has been positively correlated with reduced fuel usage, resulting in a daily savings of approximately 42,800 tons of carbon dioxide emissions. This reduction is expected to reduce annual carbon dioxide emissions by over 15 million tones, bringing Nigeria into compliance with its Nationally Determined Contributions (NDCs) ahead of schedule. The switch to renewable energy sources, such as solar power, presents a turning point for Nigeria. The country's abundant sunshine and water resources make it well-positioned to produce electricity from renewable sources, reducing waste and improving energy efficiency. However, effective grid management and balanced usage are necessary to ensure the sustainability of these renewable resources (Ude, 2023).

The main environmental benefits of eliminating subsidies include decreased fuel consumption, reduced pollution, improved air quality, and reduced carbon emissions. However, the removal of subsidies in Nigeria could lead to increased energy costs for consumers, particularly low-income households, exacerbating social inequalities. A well-designed transition plan is needed to ensure a smooth transition, including adequate infrastructure, incentives for renewable energy investments, and public awareness campaigns. The elimination of gasoline subsidies in Nigeria has significantly impacted the nation's oil business, affecting production, consumption, and upstream industry dynamics. Fuel costs immediately rise due to the removal, affecting both retail and industrial users. This shift may have an impact on consumer behavior and lower the demand for petroleum goods. Subsidies can stimulate discussions about refining capacity and potential profitability in local refining (Houeland, 2020).

The removal of fuel subsidies presents opportunities and problems for the growth of domestic refining capacity. Investments in infrastructure for refining could be encouraged by the rising cost of imported fuel, while higher gasoline prices could boost the profitability of refining operations and promote involvement in refining projects from the public and private sectors. Nigeria aims to achieve self-sufficiency in the petroleum sector by increasing domestic refining capacity. The removal of fuel subsidies represents a change in Nigeria's petroleum sector toward a more market-oriented strategy and opens up new avenues for private sector involvement. The government's downstream deregulatory move is to increase competitiveness and draw in private investment. Eliminating subsidies can expedite this process by eliminating price distortions and fostering a climate that is more favorable for private sector participation (Houeland, 2020).

Government compensation programs are suggested to lessen the effects of the loss of subsidies, such as transport vouchers, mass transit plans, E-Wallets for smallholder farmers, free school lunches, free healthcare for disadvantaged groups, cash transfer plans, and programs for the development of vocational skills. There should be no bias or discrimination in the implementation of these compensatory measures (Ude, 2023). A multifaceted approach to address economic, social, and humanitarian challenges associated with subsidy reform is the proposal to remove fuel subsidies in Nigeria while establishing social safety nets for vulnerable groups. This proposal aims to gradually phase out the subsidy over 6 months to 1 year, focusing on reducing the immediate shock on vulnerable groups. The removal of fuel subsidies in Nigeria is a significant issue affecting the country's long-term economic and social sustainability. Historically, subsidies have strained budgets, led to resource misallocation, and posed environmental challenges. Mitigation strategies include targeted social safety nets, gradual phasing out of subsidies, fiscal transparency, public communication, and education. Individual citizens can also contribute by adopting budgeting, financial planning, alternative transportation methods, and energy-efficient practices.

MATERIALS AND METHODS

The next section presents the methodology aspects of the study on the effects of Fuel Subsidy removal on the Nigerian Economy 1960–2023. The study investigates both the economic and environmental impacts of subsidy elimination, applying a case study design to capture the complexity of real-life events. A case study approach is adopted for the study to determine the implications of fuel subsidy withdrawal on the Nigerian economy and society. The research design emphasizes theoretical exploration and the synthesis and analysis of ideas at the expense of statistical analysis. The population that the study is focused on and the sample size were arrived at using empirical evidence from political science, sociology, and economics literature. Patterns and meaning in the data are determined using thematic analysis. The data analysis of the study is developed using qualitative research methods, mainly thematic analysis. However, the study presumes fuel subsidy removal led to instabilities and its restricted duration and study site of the Abuja Municipal Area Council of Abuja, Nigeria compromise its generalizability. Other determinants such as transmitted policies and domestic and global economic prices can also shape Nigeria's economic performance.

RESULTS AND DISCUSSION

Key themes include sectoral and regional perspectives, social and political dimensions, distributional consequences, and environmental and economic effects. Similar to research such as Jewell *et al.* (2018) and Aryanpur *et al.* (2022), the withdrawal of subsidies will lead to lower GHG emissions, higher efficiency, and economic benefits. Bhattacharyya and Ganguly (2017) discuss how consumption patterns, energy efficiency, and distributive justice are influenced when cross-subsidies are removed from power tariffs. Feng *et al.* (2018) and Labeaga *et al.* (2021) study the redistributive impacts of the phasing out of subsidies. Chiluwa (2015) and Majekodunmi (2013) investigate the political and social implications of removing subsidies. The review also draws attention to the influence of demographic and energy transition-specific factors on public acceptability and behavior and the need for policy adaptations. Such an assumption is not unreasonable, as shown in research for example Jewell *et al.* (2018) and Aryanpur *et al.* (2022): removing subsidies can achieve lower emissions, higher efficiency, and financial benefits.

Bhattacharyya and Ganguly (2017) noticed the impact on consumption patterns, energy efficiency and distributional equity when cross-subsidies are taken out from electricity tariffs. Feng *et al.* (2018) and Labeaga *et al.* (2021) analyze the equality impact of subsidy-removing policies.

In reviewing the literature, authors such as Chiluwa (2015) and Majekodunmi (2013) studied the social and political implications of removing subsidies. Sectoral and regional backgrounds, social and political issues, distributional impacts, environmental and economic consequences are key topics.

Multidimensional Models

Multidimensional models of analysis that combine economic, political, and social angles are applied to Nigeria's subsidy removal. Consumer responses to price increases and modifications to prices are rationalized by economic theory e.g., the rational choice model. Political theories, for example the Public Choice Theory, explain how government subsidy elimination decisions are shaped by power relations and public attitudes. "Theory of Social Conflict" suggests conflict may arise when policies pose threats to different social groups. Environmental theories, among them Ecological Modernization, explore the environmental implications of subsidy removal, in particular, in the context of climate mitigation. The theory suggests that ecological considerations in economic and policy decisions could influence sustainability-related behaviors, such as lower fossil-fuel consumption. An excellent understanding of Nigeria's 2023 subsidy removal can be gained if these concepts are merged with empirical evidence.

CONCLUSION

Withdrawal of gasoline subsidies in Nigeria carries economic, social, and environmental implications. It impacts government finances, affects fiscal balance, and touches a wide range of sectors. Understanding revenue flows and distribution patterns is essential for policymakers to achieve fiscal outcomes that support sustainable economic development. Subsidies also influence inflation, consumer prices, foreign exchange, and trade balance—as well as the prospects of Nigerian youth. Adequate compensation and safety nets should be implemented to reduce harm to vulnerable populations. Social protection programs are crucial for shielding the poorest from rising inequality and loss of public trust. Political stability and good governance are foundational to keeping the economy on track. Subsidy removal accelerates Nigeria's shift to renewable energy, particularly solar.

Sound policies and regulation—backed by effective governance—are essential for diversification and innovation across industries. To protect high-risk groups, mitigation strategies are necessary. The removal also has critical implications for Nigeria's long-term development, requiring smart fiscal and monetary policies for resilience and efficiency. When formulating strategies, policymakers must look beyond short-term gains and account for long-term social and economic consequences. From an environmental standpoint, removing fuel subsidies can reduce carbon emissions, helping Nigeria meet climate goals. Good governance and careful planning are necessary for a sustainable socio-economic future.

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