



## Effect of Fuel Subsidy Removal on the Livelihood of Households in Bwari Area Council, Federal Capital Territory (FCT), Nigeria

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### ABSTRACT

The study was conducted to evaluate the effect of fuel subsidy removal on the livelihood of households in Bwari Area Council, FCT-Abuja, Nigeria. A sample of 80 respondents from eight communities was selected using multi-stage and random sampling techniques. Descriptive statistics, multiple regression, and Garrett ranking were employed for data analysis. Findings revealed that most (60%) of the respondents were household heads and they were found between the age bracket of 30 – 39 years (42.5%) with mean age of 39. Majority (68.75%) were married with 48.75% household size ranging from 4 – 6 persons. The dominant source of livelihood was civil/public service (35.0%), with 67.5% having attended tertiary education. The majority (70.0%) were not part of any cooperative association. The respondents strongly agreed (52.5%) that fuel subsidy removal adversely affected their businesses, making it challenging to pay children's school fees. High cost of transportation (76.3%), health care services delivery (71.3%), and cost of food items (76.3%) were all affected by the policy. The regression analysis showed that age, monthly income and primary livelihood were significant at 1% level while household size was significant at 10%. The coefficient of determination ( $R^2$ ) indicates that 64% is the effect of the variables on households' income (dependent variable) on fuel subsidy removal by government explained by the independent variables. Garrett ranking highlighted high cost of food items ranked first as the primary concern (MGS, 73.2), high cost of transportation ranked second (MGS, 67.0) and social unrest ranked third (MGS, 49.1). This study recommended that the government should implement price control and enhanced distribution channels to curb inflation, make credit facilities more accessible to all farmers to embark on both irrigation and rain fed to curb food security, public transport should also be provided to ease the impact of the fuel subsidy removal, social welfare, job creation and skill acquisition programs are needed to alleviate poverty, social unrest and reduction of insecurity, government should improve salaries and wages of public/civil servants, and improve health care services delivery.

**Keywords:** Effect, Fuel Subsidy Removal, Livelihood, Households

### INTRODUCTION

Subsidy is a benefit given to an individual, business, or institution, usually by the government. It can be direct (such as cash payments) or indirect (such as [tax breaks](#)). The subsidy is typically given to remove some type of burden, and it is often considered to be in the overall interest of the public, given to promote a social good or an economic policy. A subsidy is a financial aid or economic advantage that the government offers to promote a desired activity in order to maintain low prices, sustain the income of vital or strategic product producers, sustain employment levels, or encourage investment to lower unemployment. It can be broadly described as any government initiative that has the potential to enable a business to generate higher profits than it otherwise would have in the absence of the initiative (El-Said, 2006).

The majority of subsidies are put in place by the government for producers, or they are given out as subventions within an industry to keep it from collapsing or, in the case of a wage subsidy, to just encourage it to hire more workers. Subsidies promote the sale of exports, subsidies on various goods to lower living expenses, particularly in cities, and to promote farm production growth and attain self-reliance in food production (Ajayi, 2008).

Fuel is an inelastic good in Nigeria in terms of both supply and demand, it is particularly challenging for users to find substitutes for the fuel they use daily. Hydroelectric power and dams are unreliable sources of power in Nigeria; there are no substitutes like electric trains, solar heaters, or cookers. All other factors impacting transport rates and prices are likewise impacted by fuel subsidies (Eze, 2012).

Fuel subsidy refers to the practice of the government covering a portion of the cost that consumers of petroleum products should pay in order to lower the price burden. A government programme called fuel subsidies was established to lower the cost of petroleum products such as Premium Motor Spirit (PMS), Automotive Gas Oil (AGO/Diesel), and Dual Purpose Kerosene (DPK/Kerosene), as well as to shield the populace from the volatility of crude oil prices on the global market. Oil-producing nations including Venezuela, Iran, Saudi Arabia, Egypt, Burma, Malaysia, Kuwait, China, Taiwan, South Korea, Trinidad and Tobago, and Brunei, as well as several non-oil-producing nations like Chad, Cameroon, Niger, etc., are major consumers of fuel subsidies (Centre for Public Policy Alternatives (2012).

The subsidy can take the form of direct price controls, tax exemptions, or grants; in essence, this means putting money back into the hands of the producer or the customer. The provision of industrial input requirements in the form of supportive frameworks, regulations, research, and development is more indicative of the indirect form of subsidy. The following are some examples of different sorts of subsidies: government guarantees, tax breaks, cross-subsidies, credit subsidies, grants and other direct payments, and hybrid subsidies (Oyodele, T. 2009).

By using the sustainable livelihoods method, development initiatives can be better identified, assessed, implemented, and evaluated to better serve the needs of the poor, both directly and through policy changes (McGee, (2002). What effect might the reduction of subsidies have on resolving the impoverished people's policy-level concerns? Some claim that government laws have a significant impact on the general people. (Norton, I. & Foster, H. 2001), which supports the idea that sustainable lives can make significant policy contributions. The sustainable livelihood approach acknowledges the role that institutions and policies play in controlling people's access to resources for their livelihood, as well as in determining how resilient they are to shocks and strains. Therefore, the strategy promotes a more upstream strategy for ending poverty.

Government regulations play a significant role in affecting livelihood by focusing policy consideration on the means of subsistence for the poor. Understanding the poor's goals for their means of subsistence, the policy sectors that are pertinent to them and whether or not appropriate policies exist in those sectors are all necessary for an examination of policy for sustainable livelihood. If impoverished individuals possess the ability to express their demands and exert influence over the policy-making process, their policy goals will be realized more successfully (Regalema, F. 2000).

A cross-sectoral approach is also taken by the sustainable livelihood approach. While a sustainable livelihood approach considers how policy affects people's lives, policy is frequently made in respect to a specific industry, like oil. From this angle, optimizing oil output is not the only aspect of oil strategy. It needs to be looked at in light of its connections to other fields, such finance, education, and health. Basically, this can entail having to compromise on certain objectives (Keeley, S. 2001).

There are economic justifications for eliminating gasoline subsidies. According to some, these programmes are unfair because they redistribute wealth among the wealthy while leaving the poor behind. Research (Ijaiyi, G. T. 2007) has demonstrated that fuel subsidies do not provide a fair distribution of income or stimulate economic growth. Actually, the majority of research indicated that fuel subsidies hampered economic expansion and compromised the equality principle (Nkagu, R. 2012). This is in line with (Iba, L. 2009), who argue that real household income is more impacted by subsidy reform.

The National Bureau of Statistics' survey (NBS, 2015) offers a thorough analysis of household spending on products like food, health care, education, and other items. The results demonstrate that the elimination of fuel subsidies has a significant influence on food, education, and health, confirming that these variables are directly impacted by the removal of subsidies. In order to support low-income households and redistribute the proceeds from the sale of natural resources, subsidies are justified. Understanding the repressive state is essential. Numerous studies have demonstrated how subsidies did not reach households with low incomes. (Arze, G. 2012) conducted an analysis on a sample of 20 developing nations worldwide and discovered that, on average, the richest 20% of people profit from gasoline subsidies six times more than the poorest 20% (in absolute terms).

Household consumption was the focus of another argument over the impact of eliminating subsidies. The claim is that the elimination of subsidies threatens the impoverisher's ability to support them, lessens their access to necessities for daily living, and decreases their ability to afford basic necessities. (Iba, L. 2009) argued that the placement of subsidies is an indirect method of wealth redistribution to the poor; if it is removed, the government must instead provide other compensation, make use of the savings, and explain how inflation would be managed, as it will inevitably occur.

Presently many households cannot be able to afford their basic needs or have access to some essential daily services and poses a danger to their livelihood as a result of fuel subsidy removal by the government of the day. This is as a result of hike in the price of basic household needs, daily household services including food commodities.

Looking at Bwari Area Council as a case study where most of the civil/public servants resides coming to work in the city centre of FCT that may give better information about the effect of this fuel subsidy removal in which workers are battling with transportation fares and high cost of households basic needs. The study intends to evaluate the effect of fuel subsidy removal on the standard of living of households in the Area Council.

The main objective of the study is to evaluate the effect of fuel subsidy removal on the livelihood of households in Bwari Area Council (BAC), Federal Capital Territory (FCT) and the specific objectives are to:

- i. describe the socioeconomic characteristics of households in the study area,
- ii. evaluate the effect of fuel subsidy removal on the livelihoods of the households in the study area, and
- iii. identify the constraints faced by the households in the study area as a result of the fuel subsidy removal.

## METHODOLOGY

### The Study Area

The study was conducted in Bwari Area Council (BAC) which is one of the six Local Government Area Councils that make up the Federal Capital Territory (FCT). It is located between Latitude 9°17'47"N and Longitude 7°22'49"E of the Greenwich Meridian. It covers a total area of about 2,300 square kilometres, and lies in the North-Eastern part of the Federal Capital Territory (FCDA, 2004). The territory is located just north of the confluence of the Niger and Benue rivers. It is bordered by Niger on the west and north, Kaduna on the northeast, Nasarawa on the east and south, and Kogi on the southwest. The original inhabitants of the area council are Gbagyi speaking people and economic activities they engaged in are closely tied to their agrarian lifestyle. Agriculture is the primary occupation, with farming being the mainstay of their economy. The inhabitants of the study area cultivate crops such as yam, millet, maize, and cassava, utilizing both traditional and modern farming techniques. Additionally, livestock rearing, including cattle, goats, and poultry, is an important aspect of their economic activities. These agricultural pursuits not only provide sustenance but also serve as sources of income and social cohesion within the community.

### Research Design

A descriptive and cross-sectional research design was employed with the purpose of describing the socioeconomic characteristics of the households; evaluate the effect of fuel subsidy removal on the livelihoods of the households and identify the constraints faced by the households in the study area as a result of the fuel subsidy removal.

### Sampling Techniques and Sample Size

A multi-stage sampling technique was employed to select the respondents for the study. In the first stage, random sampling of one area Council was made because the effect of subsidy removal affected all the area Councils in the FCT. Secondly, random selection of four Wards which include: Kubwa, Dutse, Igu and Ushafa wards from ten Wards in the area Council. Thirdly, random of selection of two communities from each Ward making a total of eight communities (Dakwa, Kubwa, Dutsen Alhaji, Katampe, Dupe, Tokulo, Jigo and Ushafa) selected for the study. Finally, a random selection of 10 households in each of communities selected which gave a total of 80 households. This study employed the formula advanced by Yamane (1967) in the determination or estimation of the sample size. The formula is stated thus:

$$n = \frac{N}{1 + N(e^2)} = 80 \text{ ----- (1)}$$

Where,

n = Desired sample size

N = Finite size of the population

e = Maximum acceptable margin of error as determined by the researcher

### Method of Data Collection

The data for the study were mainly from primary source. The data were collected using well-structured questionnaires with the help of personal interview by the enumerator. The data were collected from the heads of households in the study area.

### Method of Data Analysis

#### Descriptive Statistics

Data collected from the field survey on households were summarized using mean, frequency distributions, and percentages. The descriptive statistics was used to determine the socioeconomics characteristics of households as stated in objective number one (i).

#### The Multiple Regression Model

The ordinary least square (OLS) analysis was used to determine the relationship between household income and socio-economic variables in the study area. The explicit form of regression model is specified below:-

$$Y = f(X_1, X_2, X_3, \dots, X_6) \text{ ----- (2)}$$

Where; Y = Household income

X<sub>1</sub> = Age of household (Years)

X<sub>2</sub> = Household size of respondent (Number)

X<sub>3</sub> = Monthly income of the respondent (Naira)

X<sub>4</sub> = Transportation cost before fuel subsidy removal (Naira)

$X_5$  = Transportation cost after fuel subsidy removal (Naira)

$X_6$  = Primary livelihood of the respondent (Number)

$e$  = Error term

The data collected were fitted into four functional forms; linear, semi-log, Exponential and Double-log functions.

### Garrett Ranking Technique

This technique was used to evaluate the challenges faced by the respondents in the study area. The formula for Garrett ranking technique into percent is given as:

$$\text{Percent position} = 100 (R_{ij} - 0.5) / N_j$$

Where  $R_{ij}$  = Rank given for the  $i$ th variable by  $j$ th respondents

$N_j$  = Number of variable ranked by  $j$ th respond

## RESULTS AND DISCUSSION

**Table 1: Socioeconomics Characteristics of the Respondents**

Variables		Frequency (No.)	Percentage (%)	Mean (No.)
Household head	Yes	48	60.0	
	No	32	40.0	
Sex	Male	54	67.5	
	Female	26	32.5	
Age	20 – 29	13	16.25	
	30 – 39	34	42.5	
	40 – 49	20	25.0	
	50 – 59	12	15.0	
	60 ≥	1	1.25	39 years
Marital status	Single	18	22.5	
	Married	55	68.75	
	Divorced	3	3.75	
	Widow/widower	3	3.75	
	Others	1	1.25	
Household size	1 – 3	22	27.5	
	4 – 6	39	48.75	
	7 – 9	11	13.75	
	10 ≥	8	10.0	5 persons
Occupation	Trading	13	16.25	
	Farming	7	8.75	
	Artisan	9	11.25	
	Civil/public servant	28	35.0	
	Teaching	13	16.25	
	Other(s)	10	12.5	

Cooperative membership	Yes	24	30.0	
	No	56	70.0	
Years in cooperative	zero years	56	70	
	1 – 5	18	22.5	
	6 – 10	3	3.75	
	11 ≥	3	3.75	1 years
Highest Education	No formal education	6	7.5	
	Primary education	3	3.75	
	Secondary education	17	21.25	
	Tertiary education	54	67.5	

**Source: Field data survey 2024**

Table 1 presents the socioeconomics characteristics of the respondents in the study area, frequency distribution and percentages were used to obtain the aforementioned table. The table revealed that 60% of the respondents were the heads of the households sampled in the study area

The respondents were found between the ages brackets of 30 – 39 years (42.5%) with mean age of 39years in which they are in their active stage to take on any livelihood occupation to earn a living. The implication of this is that the respondent can cope up the challenges that emanate as result of fuel subsidy removal in the future, which is line with (Adeyemi, Sobayo & Fadimu, 2012) found that, a significant number of respondents were in their energetic production age of 21 – 40) years in rural chicken production. Also, (Offar, Isah, Oyindamola, Zalkuwi & Bunu, 2014) reported on their study that the respondents were found to be less than 39 years of age class with mean age of 42 years, which shown that majority of the respondents were in their active and productive stage of life.

Higher percentages (68.75%) of the respondents were married and 22.5% were single. This implies that fuel subsidy removal affected more of married respondents followed by single. This could have a close relationship with the respondents that could not be able to pay children school fees and generally married people have more responsibilities to provide for their household than the single respondent.

The household size of the respondents ranges between 4 – 6 (48.75%) with mean household size of five persons per household. The remaining ranges of households' size had less than 30% of the respondents in the study area. The implication of this is that households with few members will have least effect of the fuel subsidy removal compared to the one having larger members of the household which would have multiplier effect in terms of buying of food items, medication, transportation to school, payment of school fees and cooking energy.

Majority (35.0%) of the respondents in the study area were civil servants followed by those trading and teaching in both lower and higher institutions of learning with (16.25%) of the former and the later. The implication of this may be as a result of influence of Abuja-city that brought about learned people which encourages others to go to school because of opportunities of getting employed by either government or in a private sector in the city is wide. This study also revealed that only 8.75% of the respondents were into farming as their main source of livelihood, this may as a result of majority of people in the city were there because of white colour jobs or they got employed before they moved to the city centre. Reverse is the case for study carried out by (Offar et al., 2014) found that 43.815% of the household heads were into farming as their main occupation.

Most (70.0%) of the respondents were not registered with cooperative association in their organization and community where they work and reside. The 30% of respondents that registered had an average mean year of one experience in the association. By implication the majority of the respondents that does not belongs any cooperative association may likely not take the advantage of having subsidized household needs that can be purchased in bulk by the cooperative association and sale them to their members. Also, they can also get the good products through their association because they will always go for the best for their members.

The table also revealed that most (67.5%) had attended tertiary education may be as a result of living in the Federal Capital Territory (FCT) and also environment influence everyone want to get employed in the FCT while only (7.5%) had no formal education. Oguniyin, and Biarin (2012) found that most (76.0%) had formal education within the formal education brackets of primary to secondary education.

**Table 2: Effect of Fuel Subsidy Removal on Household Livelihood**

Statement	SA	A	N	D	SD
Business affected	42 (52.5%)	25 (31.3%)	12 (15.0%)	1 (1.3%)	0 (0.0%)
Could not pay sch. fees	9 (11.3%)	42 (52.5%)	16 (20.0%)	9 (11.3%)	3 (3.8%)
Could not feed family well	29 (36.3%)	21 (26.3%)	14 (17.5%)	13 (16.3%)	3 (3.8%)

High cost of transportation	61 (76.3%)	16 (20.0%)	2 (2.5%)	0 (0.0%)	1 (1.3%)
High cost of healthcare serv.	57 (71.3%)	16 (20.0%)	4 (5.0%)	3 (3.8%)	0 (0.0%)
High cost of food items	61 (76.3%)	11 (13.8%)	5 (6.3%)	2 (2.5%)	1 (1.3%)

The table 2 describes the effect of fuel subsidy removal on the livelihood of households in the study area. Most (52.5%) of the respondents were strongly agreed, 31.3% agreed that removal of fuel subsidy had strongly affected their businesses. This may be as a result of increased in transportation cost of stock, stocking cost, staffing cost, and cost of storage of goods.

About 55% of the respondents were agreed that the fuel subsidy removal had contributed to not paying children's` school fees. This may be as a result of other family needs that were affected by inflation which disrupted the households' budget.

36.3% and 26.3% were strongly agreed and agreed that fuel subsidy removal had caused a serious hardship on the heads of households which they could not able to feed their family well.

The majorities (76.3%) of the respondents in the study area are battling with high cost of transportation to place of work, markets and visit to relations. The implication is that workers cannot go to work every day due to the high cost of transportation. Visiting relations are fessing out since it is not compulsory.

Most (71.3%) of the respondents had experienced high cost of accessing health care's services as a result of the fuel subsidy removal. The implication of this could lead to low productivity in the various place of work which may have a multiplier effect on the economy.

This (76.3%) constitute majority of the respondents which is the cost of food items which affected almost all households in the study area. The implication of this may as a result of high cost of transportation of food items and only that couple with the insecurity challenges in the North-Western Nigeria.

### Regression Analysis of Effects of Fuel Subsidy Removal

The regression analysis revealed the relationship between household income and the socioeconomics variables as a result of fuel subsidy removal by the government. The analysis shown that variables which include age, monthly income and primary livelihood were significant at 1% level while household size was significant at 10%. The coefficient of determination ( $R^2$ ) indicates that 64% is the effect of the variables on households' income (dependent variable) on fuel subsidy removal by government explained by the independent variables.

The coefficient of age (4.97) was positive and significant at 1% level which implies that age of household will not be affected by the policy; increase in age by 1 year will affect the household income by 4.97.

The coefficient of household size (- 8.70) is negative and significant at 10% showing that with less number of members of a household would have less effect on the household income with the fuel subsidy removal. This implies that fuel subsidy removal has less effect on the smaller household size and more effect on the larger household size on their livelihood. Abdulkadir, Funmilola, & Abdulkabir, (2020) reported in their study that, the larger the household size the more effect of fuel subsidy removal would be on the household. The reason is that larger household size spends more on the household needs such as health care service delivery, food items, children's` school fees and energy source such as cooking gas.

The coefficient of monthly income (- 2.63) is negative and significant at 1%, this implies that with 1% decrease in monthly income of the household would lead to a decrease in household income by 2.63. The implication of this may have a serious effect on the livelihood of the household with the fuel subsidy removal that caused an increased in prices household needs.

The coefficient of transportation cost before (1.03) is negative and not significant at either 1%, 5% or 10% and coefficient of transportation cost after (8.56) is positive and not significant at either 1%, 5% or 10%. The transportation cost before the fuel subsidy removal was negative by implication decrease in transportation cost by 1% will lead to increase in the household income by 1.03. The transportation cost after the fuel subsidy removal was positive by implication increase in transportation cost will lead to a decrease in household income by 8.56.

The coefficient of primary livelihood (4.10) was negative and significant at 1%. A decrease by 1% in primary livelihood will result a decrease in household income by 4.10.

**Table 3: Regression Analysis Output of Household Income**

Variable	Coefficient	Standard Error	t-Statistic	P-value
Age	4.97E-17***	1.26E-17	3.942	0.0002
Household size	-8.70E-17*	4.81E-17	-1.808	0.0748
Monthly income	-2.63E-20***	4.15E-21	-6.337	0.0000
Transportation cost before	-1.03E-20	1.74E-20	-0.588	0.5583

Transportation cost after	8.56E-22	6.67E-21	0.128	0.8981
Primary livelihood	-4.10E-16***	7.64E-17	-5.363	0.0000
Constant	1.000			
R <sup>2</sup>	0.64			
Adjusted R <sup>2</sup>	0.59			
F-value	2.47**			

Source: Data Analysis, 2024

\*Significant at (P < 0.10), \*\*Significant at (P < 0.05), \*\*\*Significant at ((P < 0.01)

#### Garrett Ranking of Challenges facing Households as a Result of Subsidy Removal

Table 4 revealed that high cost of food items (C<sub>1</sub>) assigned 1<sup>st</sup> and 2<sup>nd</sup> preferences 58 and 17 respondents. Similarly the respondents were ranked 1<sup>st</sup> and 2<sup>nd</sup> preference to high cost of transportation (C<sub>2</sub>). Table 5 shown that high cost of food items (C<sub>1</sub>) was the highest significant challenges faced by the respondents under the fuel subsidy removal policy of the government with (MGS, 73.2%) and ranked first among the challenges faced. This followed by high cost of transportation (C<sub>2</sub>) ranked second with (MGS, 67.0%), social unrest (C<sub>4</sub>) ranked third (MGS, 49.1%), increase crime in the society (C<sub>5</sub>) ranked fourth with (MGS, 46.2%), non-increment in salaries and wages (C<sub>3</sub>) ranked fifth with (MGS, 42.0%), increase poverty in the society (C<sub>6</sub>) ranked sixth with (MGS, 37.0%) and Jobs loss in informal/private sector (C<sub>7</sub>) ranked last that is seventh challenges base severity of the effect of fuel subsidy removal. Ajiboye (2011) reported in his study that transportation cost of food items ranked third among other cost of food marketing in Nigeria.

Table 4: Garrett ranking of challenges as a result of fuel subsidy removal

Challenges (C)	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>
High cost of food items (C <sub>1</sub> )	58	17	0	2	3	0	0
High cost of transportation (C <sub>2</sub> )	18	55	2	4	1	0	0
Non-increment in salaries and wages (C <sub>3</sub> )	3	3	9	1	45	6	13
Social unrest (C <sub>4</sub> )	0	4	34	13	13	15	1
Increase crime in the society (C <sub>5</sub> )	1	0	30	11	11	25	2
Increase poverty in the society (C <sub>6</sub> )	0	1	3	25	5	21	25
Jobs loss in informal/private sector (C <sub>7</sub> )	0	0	2	24	2	13	39

Table 5: Garrett ranking for subsidy removal challenges

Challenges	Total Garrett Score (TGS)	Mean Garrett Score (MGS)	Ranking
High cost of food items (C <sub>1</sub> )	5855	73.2	I
High cost of transportation (C <sub>2</sub> )	5335	67.0	II
Non-increment in salaries and wages (C <sub>3</sub> )	3359	42.0	V
Social unrest (C <sub>4</sub> )	3925	49.1	III
Increase crime in the society (C <sub>5</sub> )	3692	46.2	IV
Increase poverty in the society (C <sub>6</sub> )	2935	37.0	VI
Jobs loss in informal/private sector (C <sub>7</sub> )	2657	33.2	VII

## CONCLUSION

This study was conducted to evaluate the effect of fuel subsidy removal on the livelihood of households in Bwari Area Council, FCT-Abuja, Nigeria. To conclude this study, data on socioeconomic characteristics were collected and analyzed using simple descriptive statistics, multiple regression and Garrett ranking technique. The results indicate that the removal of fuel subsidy has significantly affected the livelihood of people in the study area. The majority (68.75%) of the respondents were married with mean age of 39 years having an average household size of 5 persons. Most (67.5%) having attended tertiary education and they were male. The policy has strongly affected the respondents' businesses (52.5%), majority of the respondents experienced

some challenges such as high cost of transportation (76.3%), high cost healthcare service delivery (71.3%), and high cost of food items (76.3%). The regression analysis shown that variables which include age, monthly income and primary livelihood were significant at 1% level while household size was significant at 10%. The coefficient of determination ( $R^2$ ) indicates that 64% of the effect of the variables on households' income (dependent variable) on fuel subsidy removal by government explained by the independent variables. Garrett ranking technique analysis revealed that high cost of food items ranked first (MGS, 73.2%), high cost of transportation ranked second (MGS, 67.0%), social unrest ranked third (MGS, 49.1%), and increased crime ranked fourth (MGS, 46.2%). However, it was discovered that the major challenges that are affecting the livelihood of the households in the study area are include: high cost of food items, high cost of transportation, social unrest, increased in crime and high cost of healthcare service delivery.

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## RECOMMENDATION

- i. Government should put some measures such as price control; improve distribution channels to reduce inflation that is affecting the food items.
- ii. Public transport services should be provided by government to cushion the effect of the fuel subsidy removal.
- iii. Government should initiate programs such as social welfare programs, skill acquisition programs, entrepreneurship programs to address the challenges of social unrest in the study area.
- iv. Vigorous effort should be put in place such as law enforcement, community policing, and intelligence sharing in fighting insecurity in the study area to facilitate flourishing of economic activities.
- v. Both Public/private sector should improve the salaries and wages of their workers.
- vi. There is need for government to improve healthcare service delivery to cushion the effect of fuel subsidy removal.

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