Deregulation of Downstream Oil Sector and Social Welfare in Nigeria, 2010-2022

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Abstract

The study examines the impact of removal of subsidies on petroleum products on social welfare in Nigeria. Appalling levels of corruption in the management of petroleum subsidy arising from institutional decay and poor policy choices are highlighted. Documentary method was used to generate the relevant secondary data, while the rentier state theory was employed to x-ray the relegation of social welfare arising from the withdrawal of subsidies on petroleum products and corresponding increments in their pump prices attendant to the implementation of neoliberal reforms. The study holds the view that the mismanagement of oil wealth has led to social decay and disempowerment of the masses. The study argues that removal of subsidies on petroleum products by the Nigerian government is in conformity with the on-going determination by the major purveyors of monopoly capitalism to transform the character of state. The study sees responsible political leadership as the only way to actualize prudent management of oil wealth, human security, and sustainable national development in Nigeria.
Keywords: *Deregulation, Downstream Sector, Fuel Subsidies, Social welfare, Infrastructure Development.*

INTRODUCTION

Nigeria is a resource-rich country with significant natural reserves, particularly in oil and gas. The country has been exploiting these resources since oil was first discovered in Oloibiri, Bayelsa State, in 1956. The Nigerian oil industry, which is divided into upstream (exploration and production) and downstream (refining, distribution, and domestic use) sectors, is primarily located in the Niger Delta region, where 90% of the country's oil fields are situated. Oil contributes substantially to Nigeria's economy, with the sector accounting for about 95% of foreign exchange earnings and approximately 25% of Gross Domestic Product (GDP) by 2011 (Energy Information Administration, 2018). Despite this, Nigeria's refining capacity is limited, and the country continues to import refined petroleum products, making the oil sector both crucial and vulnerable to global market fluctuations. The downstream petroleum sector in Nigeria, which includes products such as gasoline, kerosene, diesel, and cooking gas, plays a significant role in the daily lives of Nigerians. These products are essential for powering transportation, domestic energy consumption, and powering industries. However, the sector's management has been plagued by inefficiencies and corruption, particularly within the national refineries, which have failed to meet domestic demand. The inefficiencies in refining capacity have led to a reliance on importing refined petroleum products, with the government absorbing much of the cost through subsidies. These subsidies aim to reduce the financial burden on Nigerians by making petroleum products more affordable, with the government shouldering the cost of price differences between domestic prices and international market rates (Uhunmwuangho & Aibieyi, 2012).

The significant role of petroleum products in Nigeria's economy means that price fluctuations, particularly increases in fuel costs, have a ripple effect on various sectors, influencing the cost of living, inflation, and the overall economic environment. As the price of petroleum products rises, transportation costs increase, leading to higher prices for goods and services. To mitigate this impact, the Nigerian government has historically subsidized fuel prices, allowing consumers to pay less than market prices. However, with the country facing mounting economic challenges and increasing fiscal deficits, the government has been under pressure to remove these subsidies and address the inefficiencies within the sector (CPPA and IISDGSI, 2019). The issue of fuel subsidies in Nigeria is intertwined with broader concerns about governance, economic sustainability, and public welfare. The removal of subsidies has been proposed as a solution to address fiscal deficits and inefficiencies in the oil sector. However, this policy shift has generated significant debate. While some argue that removing subsidies would allow for the redistribution of funds to other areas, such as infrastructure development and social services, others fear that such a move would lead to increased poverty and hardship, especially for the economically disadvantaged (Omokhodion, 2015; Agboola, 2022).

Historically, the Nigerian government has attempted to reduce or eliminate fuel subsidies on multiple occasions, but these efforts have been met with resistance from various sectors of society, particularly labor unions and the general populace. For example, the Obasanjo administration's decision to remove the subsidy in the early 2000s led to protests and strikes. Despite this resistance, the government has continued to push for subsidy removal, citing the unsustainable nature of the current system. In 2012, the Nigerian government removed subsidies on petroleum products, which resulted in a sharp increase in fuel prices and widespread protests. The government justified this move by arguing that the savings from subsidy removal would be used to fund critical infrastructure projects and reduce the budget deficit (Oluwashakin, 2006). However, the policy has faced ongoing opposition, with critics arguing that the benefits of subsidy removal have not been felt by ordinary Nigerians, who continue to struggle with the high cost of living and a lack of essential services. The question of whether removing subsidies will have a positive or negative impact on Nigeria's social welfare is a complex one. While the government argues that subsidy removal will ultimately benefit the economy by freeing up funds for development, many Nigerians are concerned about the immediate impact on their daily lives. Rising fuel prices lead to increased transportation costs, which, in turn, raises the prices of goods and services, disproportionately affecting the poor. This is particularly concerning given that petroleum products are crucial to the daily lives of Nigerians, from fueling vehicles to powering homes. This paper aims to examine the impact of the removal of fuel subsidies on Nigeria's social welfare, focusing on factors such as food accessibility, education, poverty alleviation, and job creation. While there is considerable literature on the economic effects of subsidy removal, less attention has been given to its social implications, particularly for the most vulnerable segments of the population. The study will investigate how the removal of subsidies affects the living standards of Nigerians, including the poorest segments of the population, and whether the government's efforts to address the subsidy issue are likely to achieve their intended social outcomes.

LITERATURE REVIEW

Deregulation

Deregulation refers to the reduction or removal of government controls over an industry, aiming to promote competition and improve market efficiency. By reducing bureaucracy, deregulation allows businesses to operate more freely, fosters innovation, and enables firms to compete more effectively in the global market (Anderson, 1999). Supporters argue that it stimulates economic activity by removing barriers to market entry, promoting competition, and lowering prices for consumers. Additionally, it reallocates resources from compliance with regulations to activities like research and development (Kenton, 2024). However, critics contend that deregulation can lead to monopolies, a lack of transparency, and exploitation of consumers, as businesses may prioritize profits over consumer welfare (Kenton, 2024). Deregulation is also linked to neoliberal economic policies, which advocate for reduced state intervention in favor of private sector-driven growth. In the context of Nigeria, deregulation of the oil sector, particularly the removal of subsidies on petroleum products, is aimed at opening up the industry to competition and attracting private investments, driven by a global push towards market-oriented reforms (Obi, 2007). This shift seeks to reduce government spending on subsidies while fostering a more competitive, self-financing oil sector (Igbikiowubo, 2011).

Mismanagement of Oil Resources and Deregulation

The Nigerian petroleum industry is heavily influenced by oil cartels that control prices through artificial supply constraints, often prioritizing a few distributors, which leads to high prices for consumers. These cartels exploit their market power, causing price volatility and inefficiencies in the industry. The Nigerian National Petroleum Corporation (NNPC) struggles to stabilize petroleum product prices, resulting in erratic availability and increased costs. Despite reforms, the downstream sector remains inefficient, hindering national development. The need for restructuring in the oil and gas sector is evident, as improving the management of petroleum resources is crucial for the country's economic sustainability (Okarah & Ndaguba, 2018). Nkogbu and Okorodudu (2015) highlight the role of leadership in the deregulation process, noting that corruption has been a significant barrier to proper management of Nigeria's oil resources. The study argues that weak leadership and a lack of transparency in managing the oil sector have led to the importation of petroleum products despite domestic production. Effective leadership is essential to address these challenges and ensure the efficient management of the petroleum industry for the benefit of Nigerians.

Removal of Subsidies on Petroleum Products and Social Welfare

Numerous authors have explored the impact of removing petroleum subsidies in Nigeria, analyzing the effects on the population and economy. Ovaga and Eme (2012) argue that the ongoing importation of fuel, rather than local refining, is a major issue for Nigeria's downstream oil industry. They suggest that "cabals," or dissidents, have intentionally hindered the operation and construction of refineries to maintain fuel imports for their own interests. They propose that building new refineries and refurbishing existing ones could reduce foreign spending on fuel imports, improve the value of crude oil reserves, and eliminate fuel import rackets. Balouga (2009) highlights Nigeria’s over-reliance on the oil industry, which makes the economy vulnerable to oil price shocks. The global financial crisis particularly impacted Nigeria's oil and gas sector, illustrating the country’s economic fragility. Kperogi (2010) exposes fraud within the petroleum industry, pointing out that despite Nigeria's status as an oil producer, it has the highest fuel prices in OPEC, while also using the lowest quality gasoline. Kperogi further criticizes the toxic fuel being used in Nigeria, which is not only expensive but also harmful to vehicles and the environment. Izielen (2012) questions the existence of the subsidy, claiming that there is no true subsidy in the petroleum sector. He argues that the government's management of crude oil revenues is opaque, and that the ongoing debate about fuel subsidies is a mechanism for redistributing funds from the people to a select few. He warns that Nigerians must prepare for prolonged hardship, urging them to fight for meaningful reforms. Ojameruaye (2011) asserts that removing the fuel subsidy would shift the cost of government inefficiency and corruption onto consumers, particularly the poor, who have limited mechanisms to cope with income loss. Similarly, Adewusi (2011) contends that eliminating the subsidy would harm small businesses, drive industrial concerns out of Nigeria, and raise food transport costs due to poor infrastructure, further worsening food and job insecurity.

Management of Oil Resources and Deregulation in Nigeria

Nigeria's national growth is heavily dependent on its oil sector, which contributes 83% of the GDP and over 90% of foreign exchange earnings (Ogbeifun, 2008). As one of the world's top crude oil producers and the leading exporter within OPEC, Nigeria's oil sector plays a pivotal role in its economy. The oil exploration and production activities are managed by the upstream sector, while the downstream sector is responsible for refining crude oil for domestic consumption. However, the downstream sector is less developed due to government control and monopolistic operations. Despite over 50 years of oil extraction, Nigeria continues to import refined petroleum products (Nwanze, 2007). The management of Nigeria's massive oil revenues has been inefficient, with the funds from crude oil sales not being invested in technological advancements or local participation in the oil industry. Successive governments, both military and civilian, have failed to effectively manage the country's oil wealth, with government spending rising while remaining overly reliant on oil revenues. The mismanagement has contributed to the poor maintenance of Nigeria's refineries, hindering efficient processing, distribution, and use of petroleum products. There is a growing consensus that deregulating the oil and gas industry and eliminating petroleum subsidies would help address these challenges and better serve the needs of the population. Prebendalism, where oil blocs and contracts for petroleum product imports are awarded to political cronies, has further compromised the effectiveness of the oil sector. Additionally, the Turn Around Maintenance (TAM) of existing refineries and the construction of new ones have been marred by corruption, undermining the operational efficiency of these facilities. Despite the government spending over $1.78 billion on TAM over a 12-year period, Nigeria's refineries continue to perform poorly. This investment could have been used to establish modular refineries across the country, reducing the reliance on imports and external dependency. The 2010 KPMG/SSA audit commissioned by the Ministry of Finance further exposed the government's neglect of Nigeria's refineries. The audit revealed that the refineries were incurring operational losses due to the failure to cover their operating costs with the processing fees they received (KPMG/SSA, 2010). Inadequate funding, poor governance, and inefficient operations have plagued the refineries, preventing them from meeting industry benchmarks (Ezirim, 2013). Esele (cited in Ezirim, 2013) added that the government actively hinders domestic refining, instead supporting the interests of oil cartels and their efforts to keep refining in the hands of foreign entities. Despite public opposition to Nigeria's reliance on oil imports and the state of its refineries, some officials continue to argue against investing in local refining capacity, further exacerbating the country's dependency on external oil refining and the importation of petroleum products. This issue, combined with the destruction of oil infrastructure in the Niger Delta and poor relations between multinational oil companies and local communities, has contributed to Nigeria's ongoing struggle to meet domestic fuel demands.

THEORETICAL FRAMEWORK

The Framework of Analysis

This paper adopts the rentier state theory as its analytical framework. Beblawi and Luciani (1987) define a rentier state as one that derives a significant portion of its revenue from external rents, often resulting in the development of a rentier class and mentality. Such states tend to avoid taxing their citizens, reducing the pressure for government accountability. Consequently, the populace is less inclined to demand improvements in governance or essential public services. This theory was first introduced by Hossein Mahdavi (1970) in his examination of oil-rich Middle Eastern nations, particularly Iran. Mahdavi (1970) suggested that rentier states generate income by capturing economic rent through resource exploitation, rather than through trade or the creation of new wealth. Rentierism in such states fosters a political economy where the state's reliance on external rents diminishes its need for public accountability. This system often undermines democracy, as it leads to a concentration of power and resources within a small political class, fostering corruption, nepotism, and inequality (Herb, 2003; Schwarz, 2003). Additionally, rentierism disrupts the development of other industries, such as agriculture and manufacturing, as it becomes increasingly reliant on unearned external wealth (Omeje, 2010). This leads to the formation of a predatory elite, which may undermine democracy and hinder economic development (Dijohn, 2003). Obi (2009) further elaborates that rentier states are disconnected from their citizens, as they do not rely on domestic revenue sources. Consequently, the political class becomes insulated from public pressure, reinforcing a culture of corruption and favouring rent-seeking behaviours over entrepreneurship or innovation. This concentration of wealth further undermines democratic processes and hampers the state's ability to foster inclusive growth. The rentier state theory provides a useful lens to examine the relationship between social welfare in Nigeria and the removal of petroleum product subsidies between 2010 and 2022. The Nigerian state's reliance on oil revenues, rather than taxation, frees it from democratic obligations, limiting its responsiveness to the needs of the population. This disconnect has contributed to the country's neglect of critical sectors like healthcare and education, leading to a decline in the standard of living.

Between 2010 and 2023, the deregulation of petroleum prices did not improve the quality of life for Nigerians. Instead, it coincided with rising inflation, pervasive poverty, and worsening unemployment. For instance, the Composite Consumer Price Index (CPI) for basic commodities like food, clothing, and transportation showed a significant increase from 1999 to 2012, reflecting a deteriorating economic condition. According to the Nigeria Poverty Profile 2010 Report, the proportion of extremely poor Nigerians increased, and the percentage of people living on less than $1 per day grew from 51.6% in 2004 to 61.2% in 2010. Unemployment also rose during this period, with the National Bureau of Statistics reporting a sharp increase from 19.7% in 2009 to 23.9% in 2011. Moreover, the country's low rankings on the UNDP Corruption Index and Transparency International's ratings highlighted the growing poverty and corruption, which are characteristic of rentier states. Additionally, budgetary allocations to vital sectors such as health and education declined significantly, further exacerbating Nigeria's social challenges. The reduced quality of healthcare and education, coupled with a high number of children out of school, illustrates the negative consequences of the rentier state model on social welfare.

METHODOLOGY

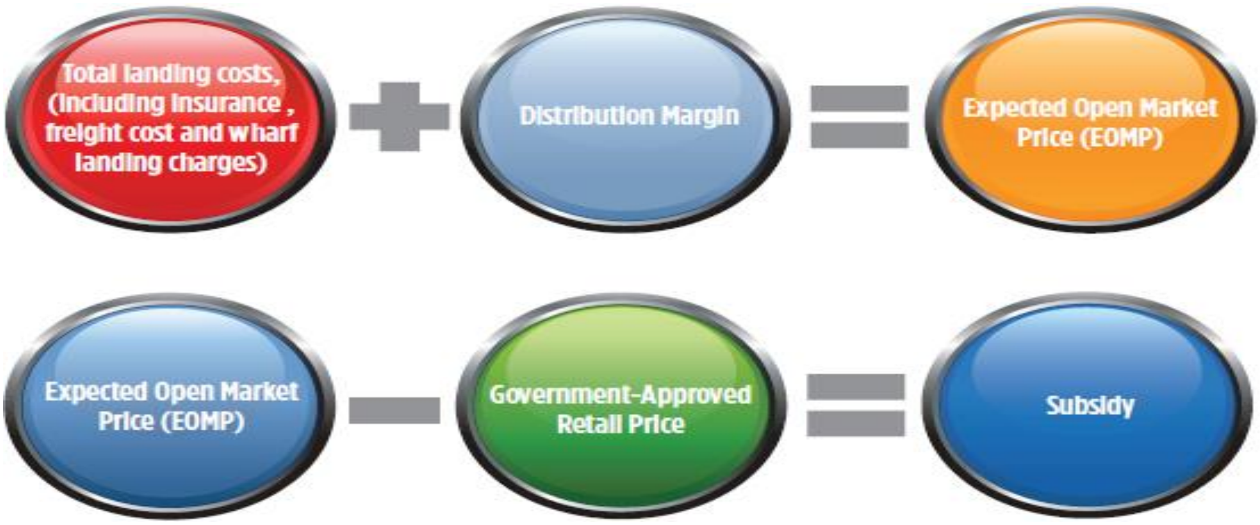
The paper utilized secondary data collection methods, with content analysis employed as the technique for analyzing the gathered information.

DATA PRESENTATION AND ANALYSIS

Incremental Removal of Subsidies on Petroleum Products, 2010-2022

Energy plays a crucial role in economic development, and in Nigeria, oil products like kerosene, diesel, and gasoline are essential sources of energy. Traditional biomass fuels also account for a significant portion of residential energy consumption, with trash and biomass providing over 97% of residential energy in 2009 (EIA, 2018). To ease the financial burden on citizens, the Nigerian government subsidizes the production costs of petroleum products. This subsidy aims to ensure accessibility and affordability of these products while supporting economic growth and alleviating poverty (World Bank, 2020). The government regulates the energy sector through price controls and market limitations, subsidizing key products such as electricity, household kerosene (HHK), and gasoline (PMS) (CPPA & IISDGSI, 2019). Marketers are required to sell fuel at prices below market rates, with the government reimbursing them for the price difference. The elements of PMS Pricing and Subsidy per litre for PMS (gasoline) are shown in Figure1below;

Figure 1: Components of PMS Pricing and Subsidy per Litre



Source: The Petroleum Products Pricing Regulatory Agency (PPPRA) Pricing Template (CPPA and IISDGSI, 2019).

The military governments in Nigeria mismanaged oil revenues, leading to corruption and inefficiency in the oil production, refining, and distribution systems, creating a dependency on external oil refining. Under General Ibrahim Babangida's rule, the term "subsidy" became widely known in 1987 when 80% of the subsidy on Premium Motor Spirit (PMS) was removed, causing fuel prices to rise and inflation to spike. During the Interim National Government (ING), Chief Ernest Shonekan raised the price of fuel from 70 kobo to ₦5.00, the largest increase in Nigeria’s history. General Sani Abacha, who replaced Shonekan, increased the price to ₦11 and established the Petroleum Trust Fund (PTF) in 1995 to manage excess funds from subsidy reductions. After Abacha's death in 1998, General Abdulsalami Abubakar further raised the price to ₦20. President Olusegun Obasanjo’s civilian administration declared it would not intervene in setting petroleum prices after witnessing the economic hardship caused by previous increases. Despite his efforts to avoid further price hikes, Obasanjo's government is remembered for increasing fuel prices by more than 200%. His administration also pushed for the deregulation of the downstream oil sector, seeing it as a solution to fuel scarcity and a way to generate revenue from subsidies for social services and infrastructure development. Despite protests from labor unions and the public, who argued that subsidy funds should be directed toward social services, the government moved ahead with deregulation. Since then, fuel price adjustments have become an annual occurrence.

Table 1: Political Leadership and Changes in Pump Price of Premium Motor Spirit, 1999-2016

Year	Price (Naira)	Fluctuation	Increase (%)
1999	20.00	Increase	-
2000	22.00.0	Increase	10.00.0
2001	26.00.0	Increase	18.08.0
2002	30.00.0	Increase	15.39.0
2003	40.00.0	Increase	33.36.0
2004	49.00.0	Increase	22.50.0
2005	52.00.0	Increase	6.12.0
2006	64.50.0	Increase	24.04.0
2007	75.00.0	Increase	16.28.0
2007	65.00.0	Decrease	-
2012	140	Increase	106
2012	97.00	Decrease	-
2015	86.50	Decrease	-
2016	145	Increase	59.65

Sources: Ezirim, G.E. (2013). "Oil Wealth and National Security in Nigeria" (Unpublished Ph.D Thesis) Department of Political Science, University of Nigeria, Nsukka, and The Petroleum Products Pricing Regulatory Agency PPPRA) Pricing Template (in CPPA and IISDGSI, 2012) and https://www.vanguardngr.com/2017/12/timeline- fuel-price-increments/

Table 2: Political Leadership and changes in Pump Prices of Petrol, 2000-2016 (₦)

Obasanjo - on June 1, 2000, from N20 to N30 (50%)
Obasanjo-June 8, 2000: N30 to N22 (price drops 26.67%)
Obasanjo-Jan 1, 2002: N22 to N26 (18.18%
Obasanjo-June, 2003: N26 to N42 (61.54%)
Obasanjo-May 29, 2004: N42 to N50 (19.05%)
Obasanjo-Aug 25, 2004: N50 to N65 (30%)
Obasanjo-May 27, 2007: N65 to N75 (15.39%)
Yar' Adua-June, 2007: back to N65 (price drops 15.39%)
Jonathan -Jan 1,2012: N65 to N141 (116.92%)
Jonathan – Jan 17, 2012: N141 to N97 (Price drops 31.21%)
Jonathan – Feb, 2015 N97 to N87 (price drops 10.31%)
Buhari – May 11, 2016: N87 to N145 (66.67%)
Yar'Adua was the only president who did not increase pump price of fuel. He reduced it from N75 to N65

Source: https://www.vanguardngr.com/2017/12/timeline-fuel-price-increments/

President Obasanjo raised the diesel pump price four times before eliminating the subsidy in 2006. Since then, diesel prices have fluctuated between ₦130 and ₦200. Similarly, kerosene prices increased three times, though it was rarely sold at the controlled price of ₦50 per litre. Major oil marketers often charged between ₦100 and ₦150 per litre, while the Nigerian National Petroleum Corporation (NNPC) retail shops sold it at ₦50 per litre. These price increases caused significant hardship for the public; a fact recognized by subsequent governments. In response, public awareness campaigns were launched, promising that savings from subsidy removal would be reinvested to boost other economic sectors and improve living standards. The Petroleum Trust Fund (PTF) and the Subsidy Re-Investment Programme (SURE-P) were established to fund development initiatives, but their impact was undermined by corruption and poor administration, leaving them unable to alleviate the social challenges caused by rising fuel prices.

Petroleum Product Pump Prices Adjustments and Social Welfare in Nigeria

Nigeria's traditional biomass fuel industry is a significant energy source for residential use. However, the elimination of petroleum product subsidies and subsequent price hikes have caused a rise in the Composite Consumer Price Index (CPI), worsening social welfare in the country. According to data from the CBN, the average CPI for transportation, clothing, food, and footwear increased from 65.1, 48.6, and 66.7 in 1999 to 155.5, 129.3, and 142.8 in 2010. From 2018 to 2016, these indices grew from 88.6, 96.9, and 90.9 to 132.3, 134.1, and 134.6, respectively, reflecting a worsening economic situation. This rise in CPI contributed to a decrease in Nigeria's Human Development Index (HDI), with the country ranked 148th out of 173 nations in 2002 and 158th out of 177 countries by 2016. These economic challenges are evident in key health indicators, including life expectancy at birth and high child and maternal mortality rates. The National Bureau of Statistics (2007) noted that this development contributed to 34% of the nation’s misery index, which measures the combined impact of unemployment and inflation on citizens' welfare. This economic decline has led to an increase in poverty levels, with the percentage of Nigeria’s population living in poverty rising significantly between 1995 and 2020.

Table 3: Relative poverty: Non-poor, Moderate poor and the Extremely poor (%), 1995-2010

Year	Non-poor	Moderately poor	Extremely poor
1995	72.8.0	21.0.0	6.2.0
2000	53.7.0	34.2.0	12.1.0
2005	57.3.0	28.9.0	13.9.0
2010	34.4.0	36.3.0	29.3.0
2015	43.3.0	32.4.0	22.0.0
2020	31.0.0	30.3.0	38.7.0

Source: ***The Nigeria Poverty Profile 2020 Report*.**

What is even more concerning is the clear indication that raising the price of petroleum products at the pump did not yield the expected benefits for financing critical economic sectors. There is no evidence that the removal of petroleum product subsidies led to increased budgetary allocations to vital sectors such as health and education. Table 3 highlights the troubling decline in the percentage of Nigeria's budget allocated to these sectors, showing a decrease from 13.14% for health and 10.29% for education in 2007 to just 8.43% and 5.95%, respectively, in 2020. This sharp reduction underscores the failure to redirect the savings from fuel subsidy removal into essential public services, further exacerbating the challenges faced by these sectors.

Table 4: The Percentage of Total Budget Allocated to Education and Health Sectors in Nigeria, 2007-2020

Year	Education (%)	Health (%)
2007	10.29	13.14
2008	9.85	12.35
2009	9.23	11.45
2010	8.91	10.84
2011	8.50	10.27
2012	8.10	9.76
2013	7.88	9.43
2014	7.62	9.12
2015	7.35	8.78
2016	7.05	8.32
2017	6.84	7.98
2018	6.51	7.55
2019	6.24	7.14
2020	5.95	8.43

Source: *CBN Statistical Bulletin*, 2020

The allocation of revenue to Nigeria's health and education sectors has been on a steady decline, negatively impacting educational standards and public health. In education, this decline is evidenced by Nigeria's status as the country with the highest number of out-of-school children globally, estimated at 10.5 million according to the Global Monitoring Report 2012, as cited by Adamolekun (2013). This issue is further highlighted by poor student performance in standardized examinations; for instance, in the May/June WAEC, only 23% to 39% of students earned five credits in key subjects like mathematics and English from 2008 to 2012. In the Joint Admissions and Matriculation Board (JAMB) exams, an average of just 42% scored 200 or above (out of 400) between 2009 and 2012. Moreover, only 3% of candidates scored above 300 in 2012, and only 5% achieved above 250, showcasing the deteriorating quality of education (The Nation, 2019). The problem extends to tertiary institutions as well; in 2012, the Punch Editorial reported that three graduates from Enugu State University of Science and

Technology were expelled from the National Youth Service Corps program for not meeting graduation standards. Due to this decay, many students seek education abroad, with an estimated 75,000 Nigerian students in Ghana spending ₦160 billion on tuition annually (The Sun, 2018). Similarly, the healthcare sector has not seen improvements despite revenue from petroleum product price adjustments. WHO data paints a grim picture of Nigeria's health metrics: life expectancy remains low at 54 years, maternal mortality stands at 608 per 100,000 live births (double South Africa’s rate and almost ten times Egypt's rate), and only 3% of HIV-positive mothers receive antiretroviral therapy. In 2012, health spending accounted for just 5.3% of GDP, ranking Nigeria 153rd out of 187 countries (Eneji, Dickson & Onabe, 2013). Poor healthcare infrastructure, especially in rural areas, and a shortage of healthcare professionals due to emigration further hamper the sector’s efficiency. Consequently, Nigeria faces high mortality rates from preventable issues, including viral diseases, malnutrition, polio, and maternal complications, disproportionately affecting the poor and rural populations (WHO, 2010). Due to these challenges, Nigeria ranked 187th out of 191 UN countries in 2000 for healthcare quality. Therefore, despite adjustments in fuel prices and promises of improvements in social services, these essential sectors continue to suffer due to underfunding, corruption, and mismanagement, resulting in severe impacts on social welfare.

CONCLUSION AND RECOMMENDATIONS

This paper examined how the gradual removal of petroleum product subsidies impacted Nigerians' quality of life between 2010 and 2022. Using secondary sources such as books, journal articles, and government reports, the research applied rentier state theory to explore the relationship between subsidy elimination and declining living standards in Nigeria. Findings revealed that, over the period, the removal of subsidies and the resulting increase in pump prices for premium motor spirit (PMS), diesel, and kerosene did not enhance the general welfare of Nigerians. Instead, it led to a rise in the Composite Consumer Price Index, driving up the cost of essential goods and worsening living conditions for many. Further analysis indicated that, despite promises of improved funding for critical sectors, the budget allocations for health and education declined during this period. This reduction in funding had a negative impact on the quality of healthcare and education services available. The study also highlighted that access to essential resources, such as electricity and potable water, remained limited, particularly in rural areas, with a significant portion of the population still lacking these basic services. The paper equally concluded that the removal of petroleum subsidies did not improve

Nigerians' quality of life from 2010 to 2022. Instead, economic pressures intensified, with issues such as poverty, unemployment, and inadequate public services worsening due to the interplay of rentierism, peripheral capitalism, and high levels of corruption. Therefore, the following recommendations are made: -

1. Without delay, all Adhoc Committees on Petroleum Subsidy recommendations should be put into practice. In particular, the House of Representatives Adhoc Committee on Fuel Subsidy Regime recommended using funds accruing from the removal of petroleum product subsidies to provide social amenities and essential infrastructure.
2. Subsidies on petroleum products should be restored forthwith and further withdrawals stopped since the management of the proceeds has failed to improve the quality of life of the masses.
3. The Nigerian government should rejig the country's educational programme through the introduction of technical education and support of science-based courses so that the country's educational programme can have direct relevance to the country's oil and gas industry.

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