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# Oil Subsidy Removal and Its consequences on Poverty Reduction and Unemployment in Nigeria

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**Abstract:** *The paper examined oil subsidy removal and its consequences on poverty reduction and unemployment in Nigeria, and also provides necessary strategies that could assist in cushioning these effects in the nation using a systematic scoping review. The findings revealed that the present oil subsidy removal posed significant effects on socio-economic status of the citizens by increasing the rate of poverty and unemployment in the nation. Also, several strategies have also been identified to cushion such lasting effects and include the redirection and redeployment of funds and savings from the oil subsidy removal to certain sectors of the economy and to also develop selected productive capacities, particularly in agriculture, manufacturing and services that tend to be labour-intensive and so on. Moreover, it was recommended that government should ensure the gradually phasing out of the oil subsidy over a period of time towards minimizing the significant effects of oil subsidy removal on the people, and provide targeted support to the vulnerable population and the low-income households towards helping individuals cope with the increasing in oil prices.*

**Keywords:** oil subsidy removal, poverty, unemployment, Nigeria

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## INTRODUCTION

The issue of oil subsidy removal or retention is a global issue that have attracted debates and concerns, particularly due to the huge effects it could pose on the welfare of the citizens, particularly the poor and also, the fiscal health status of any nation (Ozili & Obiora, 2023). The World Bank report on global landscape of fuel subsidies and price controls introduces two major open-access global databases, offering a clear scrutiny into effective fuel prices and the policies that could be deployed to manage them effectively across several economies, which Nigeria is a major part. Hence, providing governments, researchers, institutions, and others important tools

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that could be used to track the evolving trends, and also to evaluate relevant policy effectively, couple with the assistance in the design of a more resilient energy system that could pose better positive impacts on the people and the economy at large (Akcura & Bloch, 2025). A major tool for policy for controlling fuel prices is oil subsidy removal.

Oil subsidies are payments or incentives that are made by the government towards the reduction of the cost of oil products, which include gasoline, diesel, and kerosene to consumers. Such subsidies are usually provided by the government towards keeping the price of oil products low and affordable for the citizens. Ovaga and Okechukwu (2022) revealed that oil subsidies are government discount on the market price of fossil fuel towards making the consumers pay less than the prevailing market price of fuel. Hence, when subsidies are in place, the consumers tend to pay below the market price per litre of the oil product.

According to the International Monetary Fund (IMF) (2025), such subsidies are provided by the government to protect the citizens who are the consumers of such oil products by keeping prices low and affordable. There are different types of oil subsidies. The first is the price control oil subsidy, where the government sets a maximum price for the oil products, lower than the real market price. Second is the tax exemption, where the government exempts oil companies from paying taxes on their gains and profits. Third, is the direct subsidy, where the government tends to provide a direct financial support to the oil companies towards the reduction of the cost of oil products. Lastly, is the indirect subsidy, where the government provides an indirect support, such as subsidized loans or grants, to the oil producing companies.

However, such oil subsidies do come at a substantial cost and could pose several sizable fiscal consequences such as higher taxes and increased borrowing by the government to meet such demand, lowering spending, and others towards promoting inefficient allocation of the resources in the economy thus, could further hinder growth and also encouraging pollution, thereby contributing to increasing climate change and premature deaths, that are resultant effects from local air pollution (Sweeney, 2020; McCulloch, Moerenhout & Yang, 2021; Parry, Black & Vernon, 2021; McCulloch, Moerenhout & Yang, 2021; Ozili & Obiora, 2023). In addition, subsidies are not often well targeted at the poor, even though, they were primary directed to be enjoyed by all, the higher income households and people are the most beneficial of such subsidies hence, prevalence of inequality in the society (Sweeney, 2020; McCulloch et al., 2021; Parry et al., 2021; Ozili & Obiora, 2023). Hence, the removal of such oil subsidies could be deployed and used to gain and generate revenue that could be used to better targeted social spending, and reduce inefficient taxes, enhance productive investments that could promote sustainable and equitable results and outcomes.

Ozili & Obiora (2023) reveal that, from a global perspective, oil subsidy is estimated at \$1 trillion in 2022 and \$325 billion in 2018, which is a very huge amount, significantly higher than the cost of global aid estimated at \$204 billion in 2022 and also larger than the combined government revenues of developing countries. In addition, despite the benefits of oil subsidy placement, several

reasons why it should be removed have been advocated for. First, the subsidy regime is very unsustainable, because it poses a significant strain on government's finances. Second, it also creates inefficiencies in the market system, because it encourages overconsumption of fuel products and hence, discourages investment in the oil sector. These have led to the calls for the removal of oil subsidy towards deploying the saved funds towards assisting the poor and the vulnerable in need of humanitarian assistance, particularly in the developing countries (Couharde & Mouhoud, 2020; Ozili & Ozen, 2021).

However, governments and policymakers in some countries are very reluctant to remove oil subsidy and to implement oil subsidy reforms because it may result in creating increase significant impetus on fuel or electricity prices which may eventually lead to economic hardship for the low-income and poor citizens, and also could exacerbate massive protest, thereby increasing the risk of revolution that could lead to the overthrow of the government (Ozili & Obiora, 2023).

In Nigeria, the oil subsidy regime has been a long and continuous events, introduced in the 1970s due to the response to an oil price shock in 1973 but was partially removed in 1986, and since then, it has been in place (Ozili & Obiora, 2023). Hence, over the years, the subsidy regime has been modified in several ways, with the government introducing various measures that could be used to reduce the cost of subsidies. Also, in 2012, the Nigeria government removed fuel subsidy again, which eventually led to several massive protests intended for the then government to reinstate the subsidy. The government subsequently yielded and reinstated the fuel subsidy in 2012 in response to these massive protests, and ever since then, fuel subsidy payment in Nigeria keeps increasing. For example, In Nigeria, fuel subsidy reached an average of ₦4 trillion (US\$6.088 billion), amounting to approximately 23 percent of the national budget of ₦17.126 trillion (US\$25.87 billion) in 2022, To this end, the nation was unable to sustain its fuel subsidy regime by 2023, leading to its removal again (Ozili & Obiora, 2023). According to Ibrahim & Muhammad (2024), this abrupt elimination of oil subsidy in Nigeria by the government bypassed certain required legal procedures that tend to raise major constitutional issues, it exacerbated the level of inflation, scaling up the standard of living costs, increased the level of poverty, and also led to the disproportionate effect on the low-income populations that rely heavily on the subsidized fuel.

Nigeria, with an increasing population (Omiunu, 2014), the level of poverty and unemployment have been identified as giant evils of and pose certain complex, multidimensional and multifaceted macroeconomic issues on development, particularly in the developing countries (Omiunu, 2017; Gamba, Maijamaa & Goyilla, 2021; Umoh, 2024). According to Corral, Molini & Oseni (2015); Dauda (2017); Omiunu (2017); Gamba et al., (2021); Umoh (2024) and others, Nigeria possess the highest rate of population living in extreme poverty from a global perspective, with over 86.9 million of its population living in extreme poverty and an increasing population remaining unemployed. Hence, poverty and unemployment tend to also make certain segment of the population of the nation worst-off in terms of access to employment and income distribution due to its potential in breeding inequality in the market system (Gamba et al., 2021). Umoh (2024) accounted that unemployment and poverty have large macroeconomic negative effects on the

population and the economy, as increasing rates of poverty and unemployment could lead to human capital underutilization, social exclusion, certain level of civil unrest and also increasing challenge of youth restiveness, couple with an increasing crime rates and the decrease in the labour utilization and productivity, particularly because of low wage issues.

It is hypothesized that oil subsidy placement or removal could be used to control such increasing unemployment and poverty level in nations such as Nigeria. This was why Akcura & Bloch (2025) admonished that Fuel subsidies tend to affect the rate of poverty and unemployment and even the long-term development of nations because they could make or break the ability of a country to be able to deliver reliable energy without draining the public budgets.

However, studies such as Ibrahim & Muhammad (2024) and Ayanniyi & Olanrewaju (2025) stated that despite the significance and benefits accruing to the removal of subsidies, which could be used as a major tool to reduce unemployment and poverty in Nigeria, it has exacerbated the rate of unemployment and poverty in the nation since its removal in 2023 by the federal government. The removal of fuel subsidies has been found to be detrimental to the health of the nation, affecting several sectors of the economy, couple with its detrimental effects on the wellbeing of the population of the nation. Although, Ibrahim & Muhammad (2024) noted that the removal of oil subsidies aligns with global standards that could help the government to reduce budgetary strains. But, this policy has posed more harms to the Nigeria economy, leading to increasing rate of poverty and unemployment, and negatively affecting the wellbeing of the population at large. This tends to negate the global positive effects of oil subsidy removal as compared in literature and other countries such as Russia, Germany, Indonesia, Philippines, and others.

The removal of oil subsidies has significant implications for poverty reduction and unemployment in Nigeria. Till date, poverty and unemployment still remain a significant challenge in Nigeria. According to the World Bank, Nigeria has one of the highest poverty rates in the world, with over 80 million people living on less than \$1.90 a day while unemployment is also a major challenge in the nation, as the National Bureau of Statistics noted that the unemployment rate in Nigeria is over 23%, with youth unemployment rates exceeding 50%. This posed a question in the hearts of many Nigerians and even the global world, “what exactly is the federal government doing with the funds that is accruing to the removal of subsidies”, as the situation of Nigeria is worse off, when subsidy was put in place. To this end, to provide solution to such quest, this paper focuses on examining and highlighting the major effects of oil subsidy removal and its consequences on poverty reduction and unemployment in Nigeria, and also provides necessary strategies that could assist in cushioning these effects in the nation. The following research questions are used to drive this present paper:

- i. What is the impact of oil subsidy removal on poverty reduction in Nigeria?
- ii. What is the impact of oil subsidy removal on unemployment in Nigeria?
- iii. What are the strategies that the government could use to cushion the consequences of oil subsidy removal on poverty and unemployment?

## LITERATURE REVIEW

The removal of oil subsidies is a serious issue of debate and has attracted several major concerns in Nigeria (Muhammad & Mikail, 2025). Njoku, Dike & Anyanwu. (2024) stated that the removal of oil subsidy in Nigeria seems to be a laudable step that initiates the nation into her economic rediscovery. From the study of Adeleke (2023), it was accounted that, a sum of 1.77 trillion naira was used on fuel subsidies in 2021, representing a 427 percent increase from the 307 billion naira spent on fuel subsidies in 2015. Also, in 2022, 4.39 trillion naira was spent on fuel subsidies. Njoku et al. (2024) noted that such sum represents over 24 percent of the aggregate expenditure of the nation, which has increase the borrowing rate of Nigeria, and could also lead to raising additional revenue from other places and/or reducing spending on other public goods and services to maintain fuel subsidies hence, hindering economic growth and reducing the strength of the fiscal accounts of the nation in the long run. Mohammed, Ahmed & Adedeji (2020) noted that such subsidy scheme tends to distort the fiscal planning of the nation, thereby encouraging wasteful spending, and even tends to worsen the gap of inequality because it is only the wealthy families that benefits from such scheme and policy.

The issue of subsidy has attracted two different school of thoughts in Nigeria, with certain group arguing that it tends to reduce the fiscal burden and also promote economic growth and efficiency, while others argue that it poses negative impetus on the wellbeing and standard of living of the people in the economy, thereby exacerbating the rate of poverty and unemployment (Ibrahim & Muhammad, 2024; Muhammad & Mikail, 2025).

According to Muhammad & Mikail (2025), the removal of oil subsidies in Nigeria tends to present a mixed bag of both challenges and opportunities in the economy. On one hand, it is believed that, it could potentially encourage a transformation that could orchestrate the needed shift for the increasing use of renewable energy sources and also encourages a better sustainable transportation system in the nation. In the long run, this has the tendency to reduce carbon emissions, air pollution, and several other negative environmental issues that accompanied the use of fossil. Such subsidy removal might also spur further and effective investment in the renewable energy infrastructure towards encouraging development of greener economy.

The funds that were previously allocated to the deployment of fuel subsidies policy could then be redirected towards several other initiatives in the economy that could further promote renewable energy research and development, energy efficiency several programs that could be geared towards the implementation of Nigeria's Energy Transition Plan (ETP).

**However,** on the other hand, it could also exacerbate certain issues and challenges such as negatively affecting the wellbeing and increasing poverty and reducing the propensity for employment. For example, higher fuel price, which is as a result of oil subsidy removal could lead to inflation, leading to increase poverty (Muhammad & Mikail, 2025). Also, some individuals may be unable to buy fuel into their cars and eventually shift to using public transportation, which could

increase cost of transportation. Also, the removal of fuel subsidies may lead to the increasing use of vehicles that may pollute the environment, thereby producing harmful air and resulting in certain public health issues. Ozili & Obiora (2023) argued that the removal of fossil fuel subsidy is a contentious issue because fossil fuel subsidy is a form of aid that tends to make fuel more affordable for the majority that are poor.

Despite this benefits accruing to removal of fuel subsidy, ample literature such as Sweeney (2020) documented the negative consequences of fuel subsidy which cuts across the increase in air pollution and also the emission of greenhouse gas. McCulloch, Moerenhout & Yang (2021) stated that it could also lead to road congestion. The study of Parry, Black & Vernon (2021) also added that such removal could lead to road accidents and premature deaths, Moreover, Sweeney (2020) and McCulloch, Moerenhout & Yang (2021) added that, it could lead to the foregone of tax revenue and also increase the level of inequality, particularly between the poor and the rich in the society.

Ayanniyi & Olanrewaju (2025) noted that oil subsidy removal has pose negative significant effects on the economy, thereby affecting the population's wellbeing and standards of living negatively, because it has increase the costs of living, transportation, goods and services across all industries and sectors, and healthcare hence, fuel subsidies removing has not been widely seen as a driver of affordable fuel and also a good tool to deploy to improve the wellbeing of the people and the nation economy at large in Nigeria.

Muhammad & Mikail (2025) noted that, the removal of oil subsidies could trigger inflation because it tends to affect the cost of goods and services in the economy and also lead to increasing costs of transportation, and simultaneously affect and increase the prices for food, healthcare, and several other necessities of human in the society thus, affecting the wellbeing, and standard of living of the population. In the long run, it could pose certain disproportionate effect on low-income population, particularly those who are already struggling to meet their needs and family needs in the society. To this end, it could pose significant negative impetus on the socio-economic implications of the population creating a resonance effect by the subsidy removal, and in the long run could also lead to social unrest and also fuel political instability (Muhammad & Mikail, 2025).

Several studies such as Akorede, (2024); Odey (2(024); Muhammad & Mikail (2025); and others, have argue that despite the benefits in fuel subsidies or its removal, the standard of living of the population are not improved, hence, fuel subsidy removal even have severe consequences on the population and the nation at large except such funds are deployed and used on various forms of development of the nation such as the infrastructure development, and others by the government through transparency. With the increase in poverty and unemployment in Nigeria, despite the removal of oil subsidies, there is a wide range of confusion among the population, and also other stakeholders which include the academic, politicians, and others if actually removal of subsidies does have positive effects on poverty reduction and employment in the nation. This is because even till date, despite the removal of oil subsidies in Nigeria, poverty and unemployment are still

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major challenges in Nigeria. To this end, to provide solution to such quest, this paper focuses on examining whether or not oil subsidy removal pose positive or negative consequences on poverty reduction and unemployment in Nigeria, and also provides necessary strategies that could assist in cushioning these effects in the nation.

## **RESEARCH METHODS**

The study adopts a systematic scoping review method and deploys the articles that use the quantitative, qualitative, review studies, among others methods for their research processes. This was adopted so as to be able to harness, from different sources several works that tend to focus on the subject matter of interest with respect to this paper. Also, the Cochrane reviews style was deployed to inform the reviewing process, and Chapman (2014), revealed that the Cochrane reviews style serves as a major reviewing style that is deployed to achieve a systematic review study. In addition, the PICOS framework, by Huang et al. (2006) was deployed to inform the search strategy. PICOS acronym implies:

P – The Problem which in this paper is poverty and unemployment, which are two major macro economic negative forces in several economy, such as Nigeria.

I – The Intervention which is Oil subsidies removal,

C – The Comparison, control or comparator (Not applied in this article),

O – The Outcome(s) either the reduction or increase in poverty and unemployment in Nigeria economy,

S – The Study type (e.g. whether the study adopts the quantitative, qualitative, review studies, missed studies, etc). With regards to this paper, it deploys all available works and studies whether quantitative, qualitative, review studies, missed studies, or any other.

The initial search process that was used to source for materials for the article was done on July 23, 2025 and another search process was repeated on July 30, 2025, and another one was repeated on August 01, 2025, towards being able to harness and gather information and resources that are relevant enough to cater for the writing of the article. Also, the process of search process ensures that information and resources obtained were more recent towards increasing the precision and quality of the paper output. To this end, irrelevant and outdated articles and papers were eliminated during this process, couple with elimination of repeated search results. In addition, the article and materials deployed in this article were those within the years 2015 and 2025.

Moreover, in the materials appraisal process, several materials that were downloaded were seriously subjected to evaluation for effective appropriateness of various study design used in the article downloaded, their methodology features and research design, their author(s) and sources of the articles, publishers, and other relevant information. This was also done to achieve a higher level of precision in the selected materials or papers used for the article. Finally, the article deploys data extraction method to synthesize and analyse the articles and materials selected. To this end, the various information and materials selected were subjected to thematic analysis by analyzing the various contents of the articles as themes towards meeting the objectives of this paper.

Moreover, results to the systematic scoping review were presented towards explaining the research objective of the article and discussions were provided.

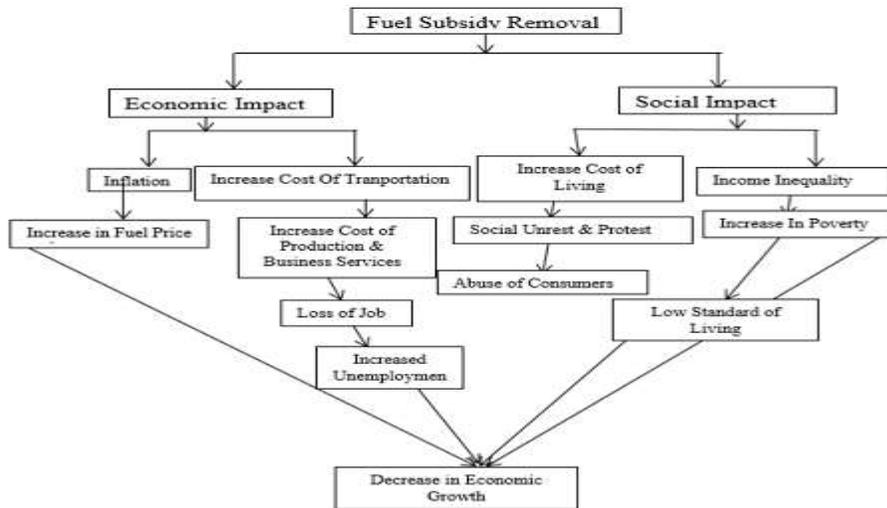
## RESULTS

The article provides responses to the objective through major themes focusing on the research questions hence, the use of thematic approach as a major methodology for this article.

### **Impact of Oil Subsidy Removal on Poverty in Nigeria**

Yunusa, Yakubu, Emeje, Ibrahim, Stephen & Egbunu (2023), examined fuel subsidy removal and poverty in Nigeria, using a review method, and revealed that the removal of fuel subsidy in Nigeria has led to a high cost of living, thereby increasing the level of poverty in the nation because it has been evidenced that the fuel subsidy removal has led to the increase in the struggle of people and businesses for survival hence, providing a negative socioeconomic implications of the fuel subsidy removal in Nigeria. Ezeh & Onyekeni (2024) examined the implications of fuel subsidy removal on poverty reduction, through its effect on government educational expenditure in Nigeria, using secondary data between 1990 and 2022, and using Vector Error Correction Model (VECM) technique and Pairwise Granger Causality tests. Their result of Ezeh & Onyekeni (2024) revealed that oil subsidy removal tends to exact a negative effect on level of poverty, while government educational expenditure poses a positive relationship with the level of poverty. Hence, the need for the Nigeria government to sustain the policy of fuel subsidy removal but deploy and use the inflows that were originally budgeted and spent on the fuel subsidy to invest in a more productive sector of the economy, such as in education, health sector, construction of roads, and others.

Ogboru & Akinyotu.(2024) did an evaluation of the impact of fuel subsidy removal on family income and sustainability in Ondo City, Nigeria, using a structured questionnaire as a major research instrument to elicit information from 185 respondents and data collected were analysed using the descriptive statistics. The findings of Ogboru & Akinyotu.(2024) revealed that the fuel subsidy removal, has a significant relationship with several challenges of household families in the study area Thus, the poverty rate has been increased by the fuel subsidy removal. Nwakerendu, Nwanosike & Ekpendu (2024) examined the effect of fuel subsidy removal on households' expenditure patterns in Umuahia, using questionnaire and observation method as a major research method to elicit information from 212 respondents and data obtained were analyzed using descriptive and inferential analysis. The findings of Nwakerendu et al (2024) revealed that the removal of fuel subsidy tends to increase the overall spending of households on basic needs such as food, thereby triggering economic hardship among the population of the nation. The findings of Nwakerendu et al (2024) also revealed that the oil subsidy removal pose negative implication on the economic and social effects of the citizens in the nation as provided in Figure 1 below.



**Figure 1: Effects of oil subsidy removal. (Nwakerendu et al., 2024)**

The information provided in Figure 1 above revealed that oil subsidy removal could pose significant implication on the economic and social aspects of Nigeria. The economic impacts are seen within the terrain of its effects on inflation and increasing transportation costs, which could also lead to the increase level of poverty affecting the standards of the people negatively in the long run thus, affecting the economic growth of the nation due to its cumulative effects on the people.

Amaechi (2024) examined petroleum subsidy removal and the development in socio-economic of the Nigeria population, focusing on the standard of living of the people, using secondary data. The result from the study of Amaechi (2024) revealed that oil subsidy removal pose negative effects on the standard of living of the people as the increasing price tends to be greater than the rate of change in the per capita income of an average Nigerian citizen hence, leading to inflation in the nation and a widening poverty level. Also, Onyambayi, Abdullahi, Alogwuj, Adejo & Esther (2024), examined fuel subsidy removal and the deepening of poverty among the vulnerable people in Nigeria, using Secondary source of data and found that the removal of fuel subsidy has great significant effects and also tends to deepen the poverty among Nigerian. It has also significantly affected various areas in the economy such as the transportation costs, household budgets, agricultural productivity, local businesses, and the well-being of people in the communities. Hence, any alteration in the fuel prices due within the subsidy removal era is likely to have significant deepen implications on the livelihoods of residents thereby increasing the rate of rising poverty in the nation, particularly among the vulnerable groups such as the poor people, youths, women, elderly, and others.

Raifu & Afolabi. (2024) did a simulating effect of fuel subsidy removal on the inflationary effects in Nigeria, using secondary data and DS-ARDL model to analyse the data. Focusing on data such as money supply and exchange rate to capture the level of inflation in Nigeria, and revealed that

PMS price, which was averaged N75.78, evolved from N11 to N545.83, and then recently to approximately N900 after the removal of the fuel subsidy has seriously affected inflation. This has lowered the income levels and also led to limited access to financial services, hence, limiting their real income and purchasing power drastically, creating more challenges for the citizens to afford basic goods and services thus, leading to further increase in abject poverty.

Abdul, Pius-Ajibade & Moses (2025) investigated the effect of fuel subsidy removal on the economy of Nigeria, and deployed the qualitative data collection and analysis methods, and revealed that the removal of fuel subsidies posed direct economic consequences on the population of the nation such as leading to higher inflation, increased poverty, and also increase the level of vulnerability of the poor.

### **Impact of Oil Subsidy Removal on Unemployment in Nigeria**

Raifu & Afolabi. (2024) did a simulating effect of fuel subsidy removal on the inflationary effects in Nigeria, using secondary data and DS-ARDL model to analyse the data. Focusing on data such as money supply and exchange rate to capture the level of inflation in Nigeria, and revealed that PMS price, which was averaged N75.78, evolved from N11 to N545.83, and then recently to approximately N900 after the removal of the fuel subsidy has seriously affected inflation. This has also led to increase in unemployment in Nigeria.

Pedabo (2023) did an assessment of the implication of fuel subsidy removal in Nigeria, focusing on the economic, social and political considerations in the Nigeria economy, and stated that removing the fuel subsidy by the government was aimed at redirecting the substantial financial resources and funds previously allocated to petroleum products to other critical sectors such as the education, healthcare, infrastructure development, provision of social welfare programs, and others. This was expected to foster the economic growth, enhance various service delivery systems, improve the overall standards of living and well-being of the people in the nation. However, these have not been felt immediately, hence, the subsidy removal has led to immediate increase in PMS prices, and has pose severe effects and implications on transportation costs, cost of goods and services, and the overall wellbeing and cost of living negatively instead of its positive effects as proposed by the government of Nigeria. In addition, it may present further challenges, particularly to the lower-income people and the vulnerable groups of the Nigeria society. It has not led to an immediate significant effect on employment rate hence, increasing unemployment in the nation due to lack of proactive solutions by the government.

Also, Wada (2023), examined how the subsidy removal has led to rising unemployment and inflation in Nigeria, and accounted that the removal of oil subsidy in the nation has plagued the nation with increasing rate of unemployment and inflation soaring higher with high food prices alienating the public, as the dreams of small-scale businesses, which are supposed to become important tools for economic growth, are jeopardised. It is been noted by the World Bank analysis, that small and medium enterprises in Nigeria account for up to over 45% of total employment rate and up to over 33% of national income. However, with shattered and jeopardized small and medium enterprises in Nigeria, they are unable to employ the percentage of labour which they

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could used to enhance their activities and reduce the unemployment burden of the nation hence, increasing unemployment in the nation due to removal of oil subsidy in the nation. This is because businesses could no longer operate in such difficult environment orchestrated by inflation and insecurity forcing business owners to lay off staff hence, dramatically leading to increasing unemployment rate.

Ismaila & Hassan (2024) evaluated the impact of fuel subsidy removal on vulnerable households in Zamfara State, and data were elicited from selected local governments in Zamfara state through the self-structured questionnaire, and were subjected to analysis with SPSS statistical model, using Pearson correlation coefficient, partial correlation and regression models. Their results revealed that fuel subsidy removal posed significant negative effects on unemployment and poverty, negatively affecting vulnerable households in Zamfara state, Nigeria. This is because the fuel subsidy removal which resulted in the increase in the rise of price of petroleum has subsequently led to increase in the level of inflation, particularly observed in the increasing costs and prices of goods and services, increasing and reaching beyond the capability of the poor, thereby affecting the welfare of household and their wellbeing negatively.

Chukwudi, Mohammed, Chinaza & Uwazie (2024) examined fuel subsidy regime and unemployment rate in Nigeria, using secondary data, particularly on fuel subsidy payments in Nigeria, with unemployment rate data and also sector specific employment rate, and data were subjected to analysis using the Structural Vector Auto Regressive (SVAR) model. The results of Chukwudi et al (2024) showed that fuel subsidy shows changes on unemployment rate, and indicated that fuel subsidy level has a significant effect on the rate of unemployment and also on sector-specific employment rate in Nigeria. Hence, the work of Chukwudi et al. (2024) showed that, unemployment rate in Nigeria tends to decrease with the current trend of fuel subsidy removal in the nation but there is decrease in the sector specific employment rate. This revealed that it is sector-specific employment rate that was negatively affected by oil subsidy removal in Nigeria.

Onyeiwu (2024), writing on the sudden nature of the oil subsidy consequences, analysed that the removal of oil subsidy by the Nigeria government has led to high inflation and unemployment rates, rising poverty and insecurity as many vulnerable groups in the nation were previously under severe economic pressure, and this removal of oil subsidy has further led to higher unemployment and poverty rates, couple with increasing inflation in the Nigeria economy. Amaechi (2024) examined how petroleum subsidy removal affects the socio-economic development in Nigeria using certain data obtained and sourced from the financial publications of the Central Bank of Nigeria, Statistical Bulletin and CBN Annual Reports and Accounts. Using the Econometric techniques of Augmented Dickey Fuller Tests for Unit Roots and the Ordinary Least Square (OLS) to analyse data obtained, the result revealed that oil subsidy removal posed negative effects on the standard of living of people in the nation. This, in the long run triggers increased unemployment rate because of the low employment opportunities and the engender economic situation of the nation.

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Idris, Kitabu, Musa & Shehu (2024) examined the effects of fuel subsidy removal on the socio-economic development of Chanchaga Local Government Area, Niger State, using quantitative approach through the use of questionnaire to elicit information from the selected respondents and information obtained were analysed. The findings of Idris et al. (2024) revealed that, fuel subsidy removal have posed negative effect on the citizens cost of living, their potential to generate income, increase unemployment level and also pose certain threats of insecurity of several lives and properties of the people in Chanchaga Local Government Area, Niger State.

Nwakerendu, Nwanosike & Ekpendu (2024) examined the effect of fuel subsidy removal on households' expenditure patterns in Umuahia, using questionnaire and observation method as a major research method to elicit information from 212 respondents and data obtained were analyzed using descriptive and inferential analysis. The findings of Nwakerendu et al (2024) revealed that the removal of fuel subsidy tends to increase and pose significant implication on the economic aspects of Nigeria, which include the increase in the rate of unemployment as revealed in Figure 1 above.

### **Strategies to cushion the Consequences of Oil Subsidy Removal on Poverty and Unemployment**

Onyeiwu S. (2024), Nigeria's fuel subsidy removal was too sudden, why a gradual approach would have been better, and presented certain strategies that could be deployed by the government and policy makers to minimize the negative impact of subsidy removal on the population. First, the funds and savings from the oil subsidy removal should be redirected and redeployed to certain sectors of the economy and to develop certain selected productive capacities, particularly in agriculture, manufacturing and services that tend to be labour-intensive and so on. Such manufacturing industries include those related to the agro-processing, textiles, arts and crafts, footwear, leather products, among others towards generating high-paying jobs that could eventually assist citizens of the nation to at least cushion the lasting effects of inflation that has led to the increase poverty and unemployment in the nation. Second, funds and savings from the oil subsidy removal could also be invested in public infrastructure such as in the mass transportation, construction of roads, generating electricity, water supply and so on. Such funds and savings should also be redeployed to better develop the people's capabilities through provision of massive investment in the health and education by the government. Also, part of such funds and savings could be deployed to provide support for the student loans and grant. Successful radical economic reforms, such as the provision of incentive to the people towards being more productive, creative and innovative in the economy could be provided by the government to the people.

Also, Idris, Kitabu, Musa & Shehu (2024) examined the effects of fuel subsidy removal on the socio-economic development of Chanchaga Local Government Area, Niger State, using quantitative approach through the use of questionnaire to elicit information from the selected respondents and information obtained were analysed. The findings of Idris et al. (2024) revealed that, the government should implement several targeted cash transfers or programs that could provide financial assistance to the low-income households, by assisting them to cushion and cope with the increased cost of standard of living, particularly because of the higher fuel prices. Also,

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alternative income-generating activities should have developed and promoted by the government towards sustainable agriculture, renewable energy projects, or skill-based cottage provision to better assist the citizens to diversify effectively their major sources of income. Also, government should establish certain vocational training programs and also entrepreneurship initiatives that could assist in the equipping and developing the unemployed, particularly with skills that could be relevant and that could support them to be able to start small businesses or for those who may be looking for employment, such skills could help them find their desired employment in several other sectors of the economy.

Ogboru & Akinyotu.(2024) did an evaluation of the impact of fuel subsidy removal on family income and sustainability in Ondo City, Nigeria, using a structured questionnaire as a major research instrument to elicit information from 185 respondents and data collected were analysed using the descriptive statistics. The findings of revealed that increase in civil servants' wages and the provision of incentives for business owners are major strategies that could be deployed by the government of Nigeria to enable citizens cope with the increasing prices of commodities, orchestrated by the removal of fuel subsidy in the nation.

Olohigbe, Mamudu & Lipu (2025) examined the mitigation of the effects of fuel subsidy removal in Nigeria from 2023-Till Date, using secondary data used in analyzing the data. The results identified key palliative measure taken in area of fund re-investment towards the provision of infrastructure and other amenities, the provision of social safety nets towards supporting the purchasing power of civil servants and the larger society, the conditional cash transfer packages targeted towards paying the vulnerable segment through monthly stipend, among others.

## CONCLUSION AND RECOMMENDATION

The paper examined oil subsidy removal and its consequences on poverty reduction and unemployment in Nigeria, and also provides necessary strategies that could assist in cushioning these effects in the nation using a systematic scoping review. The findings revealed that the present oil subsidy removal posed significant effects on socio-economic status of the citizens by increasing the rate of poverty and unemployment in the nation. Also, several strategies have also been identified to cushion such lasting effects and include the redirection and redeployment of funds and savings from the oil subsidy removal to certain sectors of the economy and to also develop selected productive capacities, particularly in agriculture, manufacturing and services that tend to be labour-intensive and so on. Moreover, various recommendations were also provided by the paper and include:

- i. Government should ensure the gradual phasing out of the oil subsidy over a period of time towards minimizing the significant effects of oil subsidy removal on the people.
- ii. The provision of targeted support to the vulnerable population and the low-income households towards helping individuals cope with the increase in oil prices by the government.

- iii. The implementation of the price stabilization mechanisms by the government towards reducing the volatility of oil prices and also protection of the population from continuous sudden price rise and shocks.

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