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NATURAL RESOURCE GOVERNANCE AND SOCIO-ECONOMIC REALITIES: IMPLICATIONS OF FUEL SUBSIDY REMOVAL IN NIGERIA

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ABSTRACT

The paradox of plenty or resource curse phenomenon in the Nigeria's oil economy is accentuated by poor natural resource governance as demonstrated by a corrupt fuel subsidy regime and the poorly managed policy of subsidy removal. This paper investigated the impacts of poor natural resource governance on socio-economic realities, using the fuel subsidy regime in Nigeria. It adopted the resource curse theory and governance theory as theoretical guides; adopted the descriptive research design and relied on quantitative and qualitative data collected from secondary sources. The data were subjected to critical content analysis. From the data presented and analyzed, the study found that: the fuel subsidy was corrupt, non-transparent therefore strained effective public financial resource mobilization; the poorly managed subsidy removal without adequate compensation mechanisms occasioned raising general inflation, poverty and weak purchasing power of the citizenry; the subsidy removal occasioned improved public revenue mobilization but without of government fiscal discipline in revenue utilization for improved citizens welfare, service delivery and infrastructure development; restoration of investors' confidence in the oil and gas sector and resumption of domestic refining of petroleum products with it attendant positive multiplier effects of economic growth. The study recommended amongst other for: reinjection of the financial gains of the subsidy removal in affordable and efficient mass transport system; diversified investment in agriculture for food security and electricity for economic reinvigoration; as well as citizens' resilient demand for stewardship, accountability and transparency in the management of public revenue.

Keywords: Natural Resource Governance, Resource Curse, Socio-economic realities, Fuel Subsidy, Development.

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INTRODUCTION

Resources are either human or natural. However the focus here is on natural resources. Natural resources are the renewable or non-renewable gifts of nature, which includes minerals, water, agriculture, forests, and the atmosphere (Adesope & Asaju, 2004). Clearly stated, natural resources refer to nature-given material assets that can be harnessed by mankind to sustain life and create wealth. These resources are freely supplied by Nature in both subsistence and surplus quantities for human exploitation and use. They are therefore productive assets that support economic growth and development, when properly managed. Where and when poorly managed, they lead to significant environmental, social, and economic consequences.

Natural resource governance is concerned with the system, processes and institutions related to or connected with management, extraction, production, distribution of natural resources (such as mineral resources, land and agricultural resources) as well as the system of the redistribution of the social surplus derived from them. Transparency and accountability to the satisfaction of all stakeholders are at the heart of any form of governance including natural resources governance. The stakeholders here are the state as a player and as regulator, exploitation and exploration companies, the society (citizens) (Osawe & Uwa, 2023).

The nature of natural resources governance affects socio-economic development. Meanwhile, socio-economic realities (development) refer to the complex and interconnected factors as well as social conditions of individual, communities and societies. These realities in diverse ways influence the opportunities, challenges and outcomes of the people experiences in the social milieu. Where there is good natural resources governance is there progressive socio-economic development. The absence of or bad natural resources government reproduces under-development and resources conflict.

Subsidy is a form of financial support provided by the government to an organization or individual. Every society has one form of subsidy regime or the other to the benefit of its citizens. This is determined by what is considered a primary and essential consumer good for a given economy. Some economies run agricultural subsidy, energy subsidy or social subsidy. For instance, the United of America provide subsidy to farmers to support agriculture productivity, most importantly grain, cereal, poultry products. In India, it is food subsidy, while most European Union countries run diverse forms of energy subsidy to enable availability and affordability of the subsidized products (Akanle, Adebayo & Adetayo, 2014; Idress, Rabi & Nwa, 2024). Precisely, fuel subsidy removal is the elimination of government financial support to consumers of fuel or petroleum, such that consumers bear the entire burden of production and consumption.

Poor natural resource governance and the environmental conflicts created by it also have adverse effects on livelihood structures such as: farmland, rivers and streams. The frustration and consequently aggression generated by such environmental violence and the corresponding predatory lethal reaction of the Nigerian state in the protection of the systems of oil production are responsible for most of the social conflicts in the Niger Delta region of Nigeria. These together with other factors therefore results in bleak socio-economic realities described in the terms of the “resource curse” (Anty 2000) or the “Dutch Disease” (Sachs & Warner 1995; 1999). The argument of this paper therefore is that poor natural resources governance such as corrupt subsidy regime and poorly approached subsidy removal policy has in the short term deepened socio-economic problems. However, the radical implementation of the troubled policy of fuel subsidy removal appears to have improved the distributive revenue profile of government at all

levels, and with potentials for reinvigoration of the economy for accelerated economic growth and development (Aligbe & Momoh, 2023).

Statement of the Problem

The dominant development literatures on natural resources and development in Nigeria are replete with the situation of paradox of plenty or poverty of the plenty. Nigeria is endowed with abundant natural resources. It is the world's 14th largest producer of crude oil and also the world's 8th largest producer of natural gas. Yet there is high rate of poverty, unemployment and inequality in the country. Despite being one of the world's major producers of crude oil, the number of people living in abject poverty in Nigeria was 82.9 million 40.1% in May, 2020. These contradict the enormity of the country's abundant natural resource wealth. Ordinarily natural resource endowment such as deposit of oil, gas and other mineral are pointers to and drivers of development for such resource endowed society. These had rather drove the development path of Nigeria differently. The disappointing economic performance and negative development narrative are due to poor governance of natural resource endowments (UNEP, 2011).

Meanwhile, the nexus between the state and the citizenry lies in the essence that the state shall provide for her citizens, improved security and socio-economic development that manifest in low cost but high standard of living; while the citizens on their part perform duties and obligations such as obeying law, respecting rightful constitutional authority, paying taxes and supporting the government to succeed in the interest of all. The Nigerian government claims it has been performing its duties and obligations but needed to block the leakages undermining optimal resource mobilization for socio-economic performance, hence subsidy removal. Overtime, government had argued that fuel subsidy payment strains the national budget, and divert fund away for infrastructure development and social service delivery. There are indications that subsidy payment gulped ₦10.413 trillion from 2006 to 2018 (or US\$24.5 billion at the official exchange rate of 411 Naira =US\$1) on petrol subsidies. In 2019 -2020, about 3trillion Naira (\$7 billion) was spent on subsidies. Overall, Nigeria has spent about \$ 30 billion on fuel subsidies over the past 16 years (Zinami, 2024). Government argument was that fund saved from subsidy payment will be channeled into social welfare, social services, and socio-economic infrastructure delivery.

Empirical evidence from Sachs and Warner (1995) suggested that natural resource rich countries struggle in other productive sectors of their economy such as manufacturing due to poor governance. The aftermaths of poor resource governance in Nigeria are manifold. They range from a monoculture economy devoid of structural, systematic and economic linkages and its multiplier effects due to abandonment of the agriculture, manufacture since 1970s oil boom to disruption of local economy, development dispossession, accumulation by dispossession, environmental hazard, weakened accountability and state financial indiscipline widened inequality gap, official profligacy, structural violence and conflicts. This together with Nigeria's further exposure to the vagaries international oil price volatility deepened Nigeria's economic woes (Ngwu & Kalu, 2017).

Extant literature attributed the resource curse phenomenon in the case of Nigeria to factors such as increase in real exchange rate and resultant depression in other productive sectors of the economy, weak institutions, corruption and dependence on rents from the natural resource. On subsidy as an issue in natural resource governance, Zinami (2024) argued that the policy fuel

subsidy removal is an infringement on the economic and welfare rights of Nigerians as contained in Section 14 (a & b) which sanctions the principle of democracy, social justice, prioritization of security and welfare of the citizen. These should be occasioned by the proper exploitation and harnessing of human and natural resources in ways that promotes national prosperity. He argued that this section of the constitution has been observed in the breach. The continuous fuel subsidy enhanced systematic corruption, as criminal elements in the oil sector leveraged on the regime to exploit the system to their self-advantages.

The present study is not entirely an argument for propriety or otherwise of the policy of fuel subsidy removal. Such argument has been overtaken by Presidential fiat of May, 29th 2023 declaring fuel subsidy gone. The contention however is how much of increase in government revenue since the removal of subsidy has translated into social welfare and socio-economic development for the citizens? In what direction are socio-economic development indicators such poverty, unemployment and inequality pointing since the end of the subsidy regime (World Bank, 2013)? Undoubtedly, the reform lies at the heart of overhauling of the Nigeria economy to booster investors' confidence in the downstream sector and to achieve inclusive and sustainable economic diversification and growth. Fundamentally, the transparent and accountable management of the positive gains of the subsidy removal are critical to the socio-economic development of Nigeria. It is against this backdrop that this paper investigates the issue of fuel subsidy removal in natural resource governance and the current socio-economic realities in Nigeria. The following questions provide the guide for the study: What are the effects of fuel subsidy in natural resource governance on socio-economic development Nigeria? What are the possible long term implications of fuel subsidy removal on natural resources governance for socio-economic development in Nigeria?

In terms of significance, the study shed on the imperative of decisiveness in making radical but progressive policy choices for overall public good. It draws attention to the need for critical, informed and independent minded evaluation of public policy decisions, with the intendment of bringing out long term benefits of policy decisions. Fundamentally, the study hopes to reawakens citizens' consciousness on need for resilience in the demand for transparency and accountability in resource governance as a panacea to achieving desired development in society.

The Concept of Natural Resources

In the contextualization of natural resources, Okonkwo (2017) observed that they are raw materials that are naturally embedded in the soil, extracted from it and modified for man's use. Viko et al. (2021) viewed natural resources are deposits found on and beneath the earth's crust, including fossil fuels, coal, oil, natural gas, gold, copper, iron, diamonds, and minerals. Natural resources include the land and its appurtenance for human habitation, agricultural production for food supply; power- energy supply, medicinal supply etc (Boyce, 2014).

Barlowe cited in Adeope and Asaju (2004) saw natural resources as land resources and categorized them as fund resources, flow resources and a composite group. The categorizations have fund resources to include metals, mineral fuels, coal, stone, and other similar resources. Flow resources are resources such as precipitation, water in streams and lakes, sunlight, wind, tides, and climate. Composite group of resources includes: subclasses like biological resources, soil resources, and man-made improvements such as buildings, reservoirs, or highways. Fundamentally, natural resources are the common heritage of all humankind; wealth on which

human well-being and survival depend. However, they become natural assets when harnessed by human and mechanized labour, hence the dictum that natural resources are not; but they become.

Nigeria is an archetypal natural resource-rich country. She parades over forty (40) different species of natural resources both liquid and solid minerals that are commercially viable and globally competitive (RMRDC, 2014). The liquid minerals include fresh water, natural gas, crude oil and allied hydro-carbon resources while solid minerals include metals, stones, sand, clay, etc. This is in addition to rich endowment in water-based, wild-based and land-based natural resources, such as game (wildlife), timber, wood, fish, rangeland and farmland, resources among others.

Natural Resource Governance

The World Bank defines “governance as the manner in which power is exercised in the management of a nation's economic and social resources for total development” (cited in Ejere 2013, p.127). Governance has two variants: good and bad governance. Good governance exists where public resources are managed effectively, efficiently in satisfactory provision of critical human and societal needs; while latter occurs where public resources are not used efficiently and effectively to solve the pressing needs of the country.

Mead (2014) defined natural resource governance as the fundamental norms, institutions and processes that determine how power and responsibilities over natural resources are exercised; how decisions are made and the level of citizen’s participation in the process as well as the benefit they derive from the natural resources in their domain. Acosta (2010) defined natural resource governance as the set of strategies to improve the transparency and accountability of governments and private companies during the licensing, exploration, contracting, extraction, revenue generation, and allocation of natural resources. Roba et al. cited in Osawe and Uba (2023) simply defined natural resource governance as the rules and regulations that determine (or govern) natural resources exploitation and utilization and the way these rules and regulations are developed and enforced.

Most importantly, natural resource governance refers to the application of the governance concept and principles in determining how natural resources are exploited and utilized by relevant stakeholders. It encompasses norms, rules, institutions and mechanisms that regulate the decisions and conducts of governments, organizations and individual stakeholders in relation to natural resource access, control, allocation, exploitation and use (Darby, 2010). The concept is predicated on the assumption that natural resources are to be optimally harnessed, sustainably exploited within a framework of control and regulation, distribution and redistribution of the gains of their exploitation for socio-economic development. Where and when this is the case, we say there is good natural resource governance. The reverse is bad natural resource government.

Natural resource governance is therefore within the power and responsibility matrix of who makes the rules and implement decisions. The making of these decisions and their implementations determine greatly the development path and prospect of any society. Therefore the major issue in the development and underdevelopment is mis-governance at political, economic, social or cultural levels. The mis-governance within the frame of the “accumulated issues of misappropriation of resource wealth by government or in some cases the inability of government to ensure that resources accrued to government and people are used appropriately for the good of the populace” (Ezirim, 2011, p.64). This is what amount to bad natural resource governance.

Two key factors influence natural resource governance in Nigeria. They are: rent seeking behaviour of the ruling and political class and clients (comprador bourgeoisie) and pervasive illegality and lack of transparency in the system. The rent-seeking mentality of this political class and the comprador bourgeoisie in the extractive industry exacerbates the resource curse phenomenon. They undermines optimal utilization of natural resources and its positive redistributive effects on the society (Obi, 2014). The second is influenced by the former, which is the pervasive illegality that characterizes natural resource governance because of the weak regulatory capacity of public institutions structured to serve very narrow individual and primordial interests. Natural resource governance as a development issue is therefore considered within the framework of power, process and practice; and how these shape, control and (redistributive) use.

The Concept of Fuel Subsidy and Fuel Subsidy Removal

A subsidy according to Encharang, Mansur and Kogid (2022) is basically a sum of money paid by the government to the suppliers (providers or producers) of a product or service to enable the sale of their products or services to final consumers at a government fixed price which is lesser than the true cost of supply of the product or service to customers. The Organization for Economic Co-operation and Development (OECD) cited in Yunusa et al. (2023) defined a subsidy as “a measure implemented by the government to provide producers or consumers with an advantage so that they can increase their revenue or decrease their expenses” (p.14). Victor (2009) explained subsidies as government programs that help make purchasing goods and services available and affordable to people who are less fortunate.

Fuel subsidy is the discount on the market price of fuel offered by government to allow citizen pay less than the market price (Oraga & Okechukwu, cited in Idress, Rabi & Nura, 2024). Subsidies are therefore policies enacted by the government to keep prices for producers or consumers at a level that is either higher or lower than the market. They are often implemented by governments as a means to support certain industries or promote specific economic goals. They can be used to stimulate growth in emerging sectors, encourage innovation, or protect domestic producers from foreign competition. Additionally, subsidies can also be targeted towards social welfare programs, aiming to make essential goods and services more affordable and accessible for low-income individuals or marginalized communities.

Two major forms of fuel or energy subsidy exist in most economies. These are production subsidy and consumer subsidy. The former is mostly a feature of developed countries while the latter is a predominantly found in developing countries. Subsidy can take the form of tax breaks, grants, or other financial assistance, exemptions, or price limits. Fuel subsidy payment is therefore a strategy that lowers the retail price of energy sourced from fossil fuel by particularly offsetting the cost for domestic consumption of the product. This is done to keep energies prices within the consumption reach of the economically weak and vulnerable segment of the society; with the extra cost of consumption accommodated in the public budget and offset through tax payers money. This itself, imply that the people (tax payer) subsidize for themselves through taxation. One may therefore argued that subsidy does not necessarily lower the prices of the product, but only transfer the burden of payment of consumption of the products to taxpayers and framed in public budget.

Two primary arguments underlie the payment of fuel subsidy in Nigeria. The first bothers on providing welfare for the poor. In this lies the idea of providing available means of

transportation and cushioning the biting effect of the rising prices in commodities and services. Impliedly, subsidy is a pro-poor package. The second argument is concerned with accounting for the weight of subsidy payment of government revenue and the budget.

Meanwhile, the history of fuel subsidy in Nigeria according to Okediran (2024), is traced to the 1970s, particularly following the 1973 oil price shock. It was however institutionalized in 1977 by General Olusegun Obasanjo's regime to cushion the effect of the global 'great inflation' of the 1970s which was caused by the global increase in energy prices. Consequently, the Price Control Act of 1977 was promulgated. The Act prohibited sale of the regulated product above the regulated price. The International Institute for Sustainable Development (IISD) and Global Subsidies Initiative (GSI) (2016) noted that the fuel subsidy which was introduced as a "temporary fiscal response had become entrenched in the Nigeria oil economy", such that "successive government has retained it as a mechanism for stabilizing domestic fuel prices and providing more economic benefit to the people" (p.2). Yunusa et al. (2023) argued strongly that despite the intendments, the running of subsidies is never a good method for a government to run an economy, as it gives way to mis-utilization of resources.

Subsidy removal or elimination is a deliberate public policy action to end assistance for certain goods or services. In the case of Nigeria, the argument is that enormous public revenue has been spent over the years in subsidizing petroleum products for domestic consumption. Impliedly, subsidy payments constituted a serious strain on public revenue. The decision to salvage the economy from quagmire of continuous financial burden of budget deficit and in pursuit of full liberalization of the oil and gas sector to attract investors' confidence, improved openness, sustainable growth and development of the sector informed the "removal of fuel subsidy on the assumption of office of the Tinubu's administration.

The elimination of fuel subsidy entails removing funds or price break previously provided to buyers or producers. This has both positive and negative effect on the economy. The Centre for Public Policy Alternatives (2012) expressed the concern that fuel subsidy removal schemes are sensitive to the economic structure, degree of development, political systems, and economic status of Nigeria. It noted that most successful approach is gradual and phased removal of fuel subsidy. This must be preceded by careful study of the policy implications, as well as establishment and consolidation of containment measures for the spillover effects of the policy. This is then followed up with a disciplined approach to policy implementation. Effective policy communication, citizens' trust and confidence building in the genuine intendment of policy; and thorough assessment of cultural and social factors that may impact the success of economic reforms are also crucial to the acceptance and successful implementation of such policy reform.

The government citing the issue heavy corruption had at different times raised concern on sustainability of the subsidy regime and the need to end it. Earlier attempt at elimination of subsidy began in 1986 with the International Monetary Fund and World Bank imposed liberalization policy and the structural adjustment programme, under the Ibrahim Babangida's regime. The partial removal of oil subsidies then saw the increase in petrol prices from 20 kobo to 39 kobo per liter. This was greeted with massive civil unrest and demonstrations by the workers, students and civil society across the country (Victor, 2009).

The most notorious attempt at fuel subsidy in recent times was in 2012, under Goodluck Jonathan. The attempt at subsidy removal in the face of dysfunctional oil infrastructure (such as the refineries) sparked public unrest such as "Occupy Nigeria Protest of 2012". The mass protests, resistance, civil disobedience, and strikes against the policy resulted in a partial removal of subsidy. The protest however painted the administration in bad light was one insensitive to the

plight of the people. This emboldened the opposition party and together with other sundry issues culminated in misfortune of the President Jonathan in the 2015 general elections. In 2016, there was yet another partial removal following the global drop in oil and petrol prices. In fact, the debates on whether to totally eliminate fuel subsidy or not had occupied national discourse until May, 29th 2023 when President Bola Tinubu unilaterally declared that “subsidy is gone” (Onyeiwu, 2024).

There are diverse social and economic actors with peculiar and pecuniary interests in the constellations and contestations of fuel subsidy politics in Nigeria. These social actors do not keep permanent alliances but are oscillating and self-interested actors who constellate and diffuse depending on the interests being protected and pursued at any particular point in time. Principally, these actors are: major foreign oil companies, foreign nations (both the major destinations of oil export and major source of fuel import), the International Development Institution such as the International Monetary Fund (IMF) and the World Bank (WB), the Nigerian State, Nigerian National Petroleum Company Ltd (-the regulator and Nigeria’s vehicle for participation in the oil and gas business) major oil marketers (as comprador bourgeoisie), Trade Union Congress, Nigeria Labour Congress, Civil Society Organisation and the Nigerian masses (as a populist group struggling against oligarchic strangulation by the political class and foreign interest) (Coady, et al 2019; IISD & GSI, 2016).

A careful review activities of the divergent interest above exposed that removal of fuel subsidy is to advantage of foreign oil companies, foreign nations (as destinations of oil exportation and sources of fuel import), IMF and WB. This is because removal of fuel subsidy would reduce local consumption and increase exportation of petroleum products, receivable crude oil; increasing foreign exchange to these IOCs and their parent countries and also increase the availability of petroleum products for importing countries. These actors are interested in profit maximization. For the major fuel importers in Nigeria such as Mobil, Oando, Conoil, Total, African Petroleum, MRS oil, Master Energy, etc., the removal of fuel would reduce their earnings. As per the state actors: federal and state government, the removal will increase their disposable revenue and shareable fund from the federal account. However for corrupt workers in the government agencies such as the NNPC and the oil industries, the removal of fuel subsidy will reduce their earning from oil rents, bribery, over-invoicing and other corrupt practices in the sector.

Finally for the masses, Nigeria workers, civil society organization, removal of subsidy will increase economic hardship, due to corruption and poor governance of the oil industry. These provide some rationalizations why actors such as: IOCs, IMF, WB, foreign countries particularly from whose environment Nigeria import refined petroleum are enamored to the total elimination of fuel subsidy; while the corrupt workers in oil sector, Nigerian masses, the civil society organization, the labour unions had been adverse to the total elimination of fuel subsidy. The diverse and conflicting interest explains why the withdrawal of fuel subsidies and increases in pump prices were frequently confronted with protests and counter-protests.

Socio-Economic Development

Achieving improved level of socio-economic development is a primary goal of every society. The term encompasses the combination of social and economic components development. NIOS (2023) defined economic development as the mobilization and utilization of the economic wealth of a society for the advancement of the overall well-being of members of the society. It also

defined social development as the process of transformation of social institutions in such manners that enhance or improve the capacity of members of a society to fulfill their genuine aspiration which manifest in progressive and qualitative change in attitude and behaviour of the population, adoption of effective and functional institution and processes as well as application of advanced technology in solving societal problems.

Economic growth is often used interchangeable with economic development as though they mean the same thing, they do not. Economic growth is the sustained increase in the national income (NI) or the total output of all goods and services produced in an economy. It implies increase (growth) of specific measures such as national income, gross domestic product or per capita income. Economic development on the other hand is the progressive transformation of the society in such manner that there is lower cost of living but high standard of living for the citizenry. There may be increase in economic growth, yet no development or real improvement in the social condition of the people, and there may be increase in the size of national income, meaning improved GDP, impressive calculated per capita income, yet wide spread unemployment, poverty and wide inequality margin in the society, and in essence no significant improvement in the quality of social and economic condition of the people. In such a situation, the benefits of economic growth has tricked-down to the advantage of the greater majority of the population. This is the situation of many resource rich countries including Nigeria.

Socio-economic development is therefore the progressive reinforcement of the social and economic organization of society towards quantitative and qualitative improvements in the overall well-being of the people of a community or state (Bassey et al., 2021). In socio-economic context, development is improvement in quality of lives of members of a society. It is measured by such indicators as gross domestic product, improvement in healthcare, education (literacy), skill development and level of employment, reduction of poverty and inequality gaps to single digit, lower cost of living but higher standard of living. Recently added to these proxies are: personal safety, increased freedom and removal of freedoms, dignity (Sen, 1999), and the degree of openness for citizens and civil society participation in governance of the society.

There are serious challenges with natural resources governance and socio-economic development in most resource countries. There is problem of patronage, corruption and rent-seeking behaviour of ruling and political elites who compete aggressively for the primitive accumulation of social resource wealth as rents for selfish ends. Patronage gives way to corruption which undermines transparency and accountability in social redistribution of the gains of resource wealth, resulting in adverse socio-economic consequences (Kolstad & Soreide, 2019). The second challenge is that of environmental degradation and social impacts of resource extraction. Environmental impact arising from unsustainable exploration and exploitation of natural has been shown to have adverse impacts not only on the local livelihood structure and matrix of oil bearing communities, but with adverse health impact on the entire human race (UNEP, 2011; Barigbon, 2023).

Theoretical Underpinnings

Two theories are used to explicate the associational relationship between the variables of the study. They are the resource curse theory, and governance theory. The major proposition of the resource curse theory is that countries, (particularly third world and undeveloped) countries with natural resources abundance such as oil and gas, gold, diamond frequently encounter difficulties in economic growth and development but rather experience, heightened corruption, and social

unrest. Richard Auty developed the resource curse hypothesis (Anty 2000). I support Anty's argument and refer to the "resource curse" as the tendency for nations with a wealth of natural resources to experience slower economic growth and development.

The theory also holds that wealth from natural resources is misused, with a focus more on wealth transfer than wealth creation. Corrupt system of redistribution instead results in a redistribution of poverty and growing inequality, which causes underdevelopment. This shows that a system of government (especially leadership) type has been utilized to explain success or failure based on how resource revenue is utilized (Osawe & Uwa, 2023). The paradox of plenty or the poverty paradoxes are other description of the resource curse as theory.

The argument is that Nigeria, is a resource-rich country but her leadership and citizens has some dysfunctional qualities that limit her ability to use their resource richness to spur economic development. As a result, despite there being resource abundance; there is a also high level of mass poverty. The oil resources dependency position of Nigeria and the diverse contradictory and predatory disposition of actors in the Nigeria resource governance and subsidy regime accentuate the resource curse.

The governance theory was distilled from the works of the World Bank (2000) and UNEP (2011). The theory is concerned the study of structures, processes and institution that regulate societies, organisations and system. It is concerned with how power is exercised and decisions made in the authoritative allocation of values. These values (in the instant case, economic values) are derived from the natural resources of society. The theory emphasizes the crucial role of transparent, accountable, and effective institutions in driving equitable and lasting societal progress (Lockwood et al., 2010). It provides a means to combat the obstacles presented by the resource curse theory, which obstacle is the rent seeking behaviour of the comprador bourgeoisie who are interested in political leadership and management of public resources for selfish material gain instead of promoting good governance and general socio- economic development of the country.

The two theories are relevant for this paper. While, the resource curse theory explains the problem of resource governance and socio-economic development using the fuel subsidy problem, the governance theory offers explanation on the solutions to the problem. Undoubtedly, the reform of the hitherto fuel subsidy regime as a tool of natural resource governance is fundamental to the overhaul of the Nigerian economy and achievement of inclusive and sustainable economic diversification and growth (International Institute for Sustainable Development (IISD) & Global Subsidies Initiatives (GSI), 2016, p: IV). However the transparent and accountable management of the reform (albeit subsidy removal) is critical to the socio-economic development of Nigeria and Nigerians. While the fuel subsidy removal will release substantial revenue into the public purse, the governance of these resources and the wealth accruable from them are at the heart of the social welfare of citizens. Promoting good governance practices such as transparency, accountability, and citizen engagement in natural resource governance, can help Nigeria confront the root causes of its resource curse and chart a course towards socio-economic development.

METHODOLOGY AND STUDY LOCALE

This is a desktop research as such the descriptive research design was adopted. The qualitative and quantitative data used in this work were generated from secondary sources which included: journals, official government publications, newspapers, magazines and internet sources. Using

the method of content analysis, the data were subjected to descriptive analysis to gain an insight into the issues of the research.

The locus of this study is Nigeria. Nigeria, Africa's most populous country is located in Western Africa on the Gulf of Guinea. It is the World's 32nd largest country and occupies a total area of 923,769km² (El-Choueiry et al., 2013); with a projected population of about 218,542,212 (NPC, 2023), making up 47% of the West African population (El-Choueiry et al., 2013). Nigeria is comparable in size to Venezuela and it is about twice the size of California. Nigeria, Africa's largest oil producer, shares 4.047 kilometres (2.517 miles) border with Benin (773km) Chad (87km) Cameroon (1690km) and has a coast line of at least 853km. The main Rivers are the Niger and the Benue which converge and empty into the Niger Delta (Eluwa & Ukagwus, 2002). Nigeria has more than 250 ethnic-linguistic groups; the southern part of the country as predominantly Christian and the Hausa-Fulani muslim in the north (El-Choueiry et al., 2013). The three major and politically dominant ethnic groups in Nigeria are Hausa-Fulani, Igbo, and Yoruba. The country which was colonized by Britain and gained independence on the 1st of October, 1960, is a federal republic made up of 36 states and 774 local government areas, with a presidential system of government. The capital city Abuja is located in the centre of the country.

The oil and gas sector is the dominant extractive sector and the primus foreign exchange earner for Nigeria. According to the National Bureau of Statistics' (NBS, 2018) report on foreign trade, Nigeria's third-quarter 2017 exports of crude oil accounted for 83.17% of all exports. Nigeria's oil and gas sector can be classified into four subsectors. The sub-sector consists of upstream, midstream, downstream, and services, with the upstream sector. The downstream sector includes the transmission and conveyance of oil and gas to the refineries and gas stations, the distribution and marketing of refined petroleum products, and the refining of petroleum products. The processing, storage, marketing, and transportation of crude oil, gas converted to liquid, and liquefied natural gas are all included in the midstream. These sectors are supported by the services of technical and administrative staffs. The Federal Government through National Petroleum Company Ltd. (NNPCL) regulates and oversees the operation of private corporation in the extractive industry in Nigeria. Meanwhile, the blame of state of negative development of the country despite abundance natural and human resource endowment has over the year been hipped on poor leadership.

DATA PRESENTATION AND ANALYSIS

What are the effects of removal of fuel subsidy on socio-economic development in Nigeria?

The first positively significant effect or impact of fuel subsidy removal is the rise in government revenue. This is demonstrated by the size of shareable national revenue accruable to the Federal government and for the Federal Account Allocation Committee (FAAC) to distribute to the other tiers or sub-national levels of government. FAAC revenue and allocation for 16th months before subsidy removal and 16th months FAAC allocation in the post subsidy removal regime provide some empirical evidence for the rise in government revenue. These are presented in tables 1 and 2 below:

Table 1: 16 Months FAAC Allocation in the Subsidy Regime: Feb, 2022-May 2023

S/N	Month/Year	FG	States	LGAs	(13%) Dev.	Total
1.	Feb, 2022	236.1	190.0	140.6	23.75	590.546

2.	Mar, 2022	277.10	227.2	167.91	53.35	725.57
3.	April, 2022	257.611	201.256	149.251	48.485	636.602
4.	May, 2022	229.563	241.824	175.942	33.454	680.783
5.	June, 2022	321.859	245.418	182.330	52.799	802.407
6.	July, 2022	406.610	281.342	210.617	55.515	954.085
7.	Aug, 2022	259.641	222.949	164.247	26.30	673.137
8.	Sept, 2022	294.244	233.233	172.776	59.922	760.235
9.	Oct, 2022	293.955	239.512	177.086	26.228	749.15
10.	Nov. 2022	358.515	270.836	204.130	68.572	902.053
11.	Dec. 2022	375.306	299.557	221.807	93.519	990.189
12.	Jan. 2023	277.335	244.975	180.135	32.730	750.174
13.	Feb, 2023	269.063	236.464	173.936	43.214	722.677
14.	Mar, 2023	276.141	232.129	171.257	35.102	717.012
15.	April, 2023	248.809	218.307	160.600	28.216	655.932
16.	May, 2023	301.89	265.88	195.54	22.86	786.16
Total		4,683.742	3,850.882	2,848.164	704.016	12,082.039

Source: FAAC, (2022 – 2023) Several Months; Collated by the Researcher

NB: Monthly Allocations are in Billion Naira, while the sum totals are in Trillion Naira.

The data presented in table 1 above showed that total revenue available for sharing to the three sub-national levels of governments stood at approximately ₦ 12.08 Trillion. From the figure, the FG got ₦4.68 Trillion, the 36 states got ₦3.85Trillion, and the LGs got ₦ 2.85Trillion, while 13% derivation for the oil producing states stood at ₦704.02 Billion. This was for a period of 16 months (Feb, 2022-May 2023) in a subsidy regime.

Table 2: 16 Months FAAC Allocation in the Post Subsidy Regime: June, 2023 -Sept. 2024

S/N	Month/Year	FG	States	LGAs	(13%) Dev.	Total
1.	Jun, 2023	345.564	295.948	218.064	47.47	907.054B
2.	Jul, 2023	374.49	310.67	229.41	51.55	966.11B
3.	Aug, 2023	431.24	361.188	266.538	56.49	1.1Tn
4.	Sept, 2023	320.54	287.07	210.9	84.97	903.48B
5.	Oct, 2023	323.35	307.717	225.205	50.674	906.90B
6.	Nov, 2023	375.306	299.577	221.807	93.519	910.189B
7.	Dec, 2023	383.87	396.69	288.92	57.91	1.1Tn
8.	Jan, 2024	407.27	379.41	278.04	85.10	1.14Tn
9.	Feb, 2024	352.409	366.950	267.153	166.244	1.152Tn
10.	Mar, 2024	345.890	398.689	288.68	90.12	1.123Tn
11.	Apr, 2024	390.412	403.403	293.816	120.450	1.208Tn
12.	May, 2024	367.468	388.42	282.476	106.502	1.14Tn
13.	June, 2024	459.7	461.9	337.0	117.511	1.35Tn
14.	July, 2024	431.1	473.5	343.7	109.81	1.36Tn
15.	Aug, 2024	374.93	422.86	306.53	99.47	1.21Tn
16.	Sept, 2024	424.867	453.724	329.864	90.415	1.298Tn
Sum Total		6,108.406	6,007.716	4, 388.103	1,428.205	17,932.43Tn

Source: FAAC, (2023–2024) Several Months; Collated by the Researcher

NB: Except for row 1-6, total shareable revenue per months was in Trillion Naira, Monthly Allocations to the tiers of government are in Billion Naira, while the sum totals are in Trillion Naira.

The data presented in table 2 above showed that from June, 2023 to Sept. 2024 total shareable revenue to the three sub-national levels of government stood at approximately ₦ 17.93Trillion.

This is about ₦ 5.8 Trillion higher than the amount shared in similar length of time in the subsidy regime. From this figure, FG got ₦ 6.11 Trillion which is about ₦ 2.5 Trillion higher than what was accruable in same length of time in subsidy regime. The shares of the States stood at ₦ 6Trillion. This was also over 2 Trillion higher than was received for similar length of time in the subsidy regime. The LGs got approximately ₦4.39 Trillion; and 13% derivation for oil producing states stood at ₦ 1,428.205. This is about ₦2.4Trillion and ₦ 700Billion respectively higher than what was shared for similar spatial frame in the subsidy regime. To be sure, the allocation for 13% derivation accruable the benefiting states doubled compared to same spatial frame in the subsidy regime. The point is that subsidy removal improved the FAAC revenue of the FG, States and Local Government area. It is the monies saved from subsidy payments that largely contributed to the increase in FAAC revenue.

The subsidy removal however has an immediate negative impact on socio-economic development. This affected poverty, unemployment, inflation rates and misery index of Nigeria. Table 3 below compares these indicators of socio-economic development for a period of two years before fuel subsidy removal and two years after subsidy removal.

Table 3: Nigeria Social- Economic Development Index, 2021-2024

Year	Poverty	Unemployment	Inflation	Misery Index
2021	80.0	17.14	16.95	61.5
2022	70.0	13.44	18.85	62.79
2023	85.0	33.8	24.66	73.05
2024	85.1	33.3	33.88	66.68

Source: World Bank Macro Trend (2021 – 2024), KPMG (2021 -2024)
Nwaeke (2024), Compiled by the Researcher

Table 3 above indicated that poverty level was 80.0% at the end of 2021. It dropped to 70.0% by the end of 2022 and rose to 85.0% in 2023 (the year of fuel subsidy removal); and marginally rose to 85.1% by the end of third quarter of 2024. In term of unemployment, the statistics showed 17.14% in 2021 with a marginal drop to 13.44% in 2022, by 2023 it shut up to 33.8% - an all-time high in the year of fuel subsidy removal, but only marginally dropped to 33.3% in 2024. Another major negative macroeconomic impact of removal of fuel subsidies is the rise in inflation. This adversely impacted on the variables of poverty, unemployment and misery index. The inflation rate stood at 16.95% and 18.85% in 2021 and 2022 respectively. The inflation rate rose to 24.66% in 2023 and subsequently 33.88% in 2024. So far, the performance of indicators of socio-economic development as demonstrated by the proxies above did better in the two years before the fuel subsidy removal (2021-2022) than two years after the removal (2023-2024). Ultimately, the misery index fared better in comparative term in the subsidy regime than post subsidy regime. In the subsidy regime particularly 2021 and 2022, the Nigeria misery index stood at 61.5% and 62.79% respectively. The figure shut up to 73.05% 2023 but marginally dropped to 66.68% in 2024.

Meanwhile misery index is the statistical measure of combined rate of inflation, poverty, unemployment and distresses suffered by the people of a society as a result of these factors. Has the figures positively improved since the end of the subsidy regime? Or what is the prospect that it will positively improve? Since the removal subsidy in 2023, food inflation as well as total inflation has been on the increase. Food inflation rose from 24.82% in May to 26.98% in June

2023. Total inflation rose from 18.85% 2022 to 24.66% 2023 and 33.88% in 2024(World Bank, 2024).

What are the Possible Long Term Implications of the Removal of Subsidy for Socio-Economic Development in Nigeria?

Hitherto, it was reported that Nigeria was subsidizing fuel for consumption in neighboring African countries. In 2016, it was reported that 80% of fuel consumed in Benin republic was smuggled from Nigeria (Ralby, cited in Steadmar et al., 2023). There were also claims that the Nigeria subsidized and imported fuel were re-exported through Benin republic to other West African countries. K114 cited in Steadmar et al. (2024) also remarked that since the removal of subsidy, Nigeria's fuel import volume has significantly decreased by a half. This is due to removal of the incentive for illicit smuggling, diversion and re-export of the subsidized fuel for Nigeria from Nigeria.

Reuter (2023) relying on NNPC reports observed that Nigeria petroleum subsidy cost rose from ₦257.36 Billion in 2006 to ₦4.39 trillion in 2022. PPPRA puts the cumulative sum for subsidy repayment for 2006 to 2015 at ₦ 8.94 Trillion. There are contradictions in the figures. The contradictions points to the lack of transparency in the subsidy regime. Also in 2019, the Nigerian government provided at least ₦532 billion (\$1.7 billion) of subsidies for oil consumption, equivalent to 4.4% of gross domestic product (GDP) (IEA, 2020). In 2022, subsidy payment stood at NGN 4.39 trillion (\$9.7 billion) roughly 2.2% of GDP. For 2023, subsidy cost was estimated ₦6.72 trillion to stabilize petrol at ₦ 185 per, when the landing cost of per liter was ₦ 315 naira, with, ₦1.8 Trillion representing an increase of 55% compared to 2022 what was spent on subsidy payment already spent between January and May 2023. This implied that government was subsidizing at ₦130 per liter of petrol for local consumption. As at the time, Nigeria's local consumption of fuel was estimated at 65million liter per day. This would translate to N .45 Billion and N 235.5 Billion per month for fuel subsidy. These resulted into so many leakages in public finance due to the hydra underhand dealing that existed in the subsidy regime. With the total removal of subsidy, these funds are being saved for improved reserve; also to enhance sub-national transfers. Expectedly, export of refined petroleum product will in the coming day improve the foreign exchange earnings, strengthen the foreign reserve and as well strength the naira against dollar. To be sure, Dangote Refinery exported PMS to Neptune Oil Ltd of Cameroun on 12th December, 2024. As at the end of November, 2023, the company had also concluded plan to export PMS to South Africa, Angola, Namibia, Niger Republic, Chad, Burkina Faso, Central African Republic (Okamgba, 2024). Eventually, this together with the policy of Naira for crude sale (swap) for local refining, de-dollarisation of the economy will strengthen the naira and help grow the local economy.

There also are indications that the fuel subsidy removal had begun to yield some benefits. Beyond the increase of transfer to sub-national level, the policy had led to increased investment in the downstream sector particularly petroleum refinery. The Dangote Refining Company had come upstream. The Bua refinery in Akwa Ibom is bid to commence operation in 2025. The Port Harcourt refineries had resumed operation after over-delayed conclusion of turn-around-maintenance and rehabilitation. These are due to renewed investors' confidence in the petroleum downstream sector. There are equally positive signs that over time healthy competition in the petroleum downstream refinery sector will guarantee regular supply and bring down the prices of petroleum product. This will result in positive multiplier effect on production and transportation,

hence bringing down the prices of goods and services. Similarly the Nigeria is likely to experience favourable balance of balance record due to improved foreign exchange earnings.

DISCUSSION OF FINDINGS

The Impact of Natural Resource Governance on Socio-economic Development in Nigeria

The data presented and analyzed showed that Nigeria has shown dismal performance in terms of natural resource governance. The performance negatively impact on her global development index in spite of huge natural resource endowment. Her citizens rank among some of the poorest in the world. This is also due to the crass deficiency in terms of the state's extractive and regulatory capacities, as well as dysfunctionality of the basic institutional cum legal frameworks of governance (Okoli & Uhembe, 2015). Particularly in the extractive sector, Nigeria has over the years recorded a gross governance deficit in natural resources management. The 2013 Resource Governance Index, for instance, gave Nigeria a "weak" score of 42, ranking her 40th out of 58 countries. The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries, with focus on core governance components such as: institutional and legal setting; reporting practices; safeguards and quality controls; and enabling environment. It also includes information on three special mechanisms used commonly to govern oil, gas and minerals; state-owned companies, natural resource funds, and sub-national revenue transfers Resource Governance Index (2013) cited in Ngwu and Kalu (2017). There are no further indications that her performance on the global resource governance index has improved. However with the full deregulation, there appear to be ray of hope and promises in the Nigeria's oil and gas sector. This findings also corroborate or reinforces the position of the governance theory (World Bank, 2000; UNEP, 2011) – the second theoretical framework used for this study. It confirms that poor natural resource governance is a major problem of socio-economic development in Nigeria.

Short Term Negative Effect of Removal of Subsidy on Socio-economic Development in Nigeria

The data presented and analyzed showed that the unplanned, poorly coordinated and implemented fuel subsidy removal have got short term negative consequences for socio-economic development in Nigeria. Largely, the data presented also showed that subsidy removal together with other factors caused heightened inflation (33.8%), lowered disposable income, increased mass poverty (85.1%), mass unemployment at (33.3%) and misery index (66.68%). There is empirical evidence that pump price of fuel was between ₦190 to ₦537 at subsidized rate up to April, 2023. It is clear that the announcement of removal of fuel subsidy saw the sharp increase in the price of Premium Motor Spirit (PMS) from 281 to ₦850 by May, 2023, ₦1350-₦1400 between August and October, 2024. However, fuel prices dropped to ₦1090 and ₦1040 by December, 2024. By December, MRS oils announced a reduction to ₦ 936.00. Despite the reduction, cost of transportation, commodity price inflation has been on the increase with the effect been suffered by both the affluent and the poor, however with greater burden on the poor due to their weak purchasing power; The point is that high transportation fare and cost of goods and service, coupled with inflation has lowered the disposable income of the already pressured

consumer spending, and thus lowered their purchasing power. This has eaten-up the newly implemented ₦70,000.00 minimum wage to workers.

The purchasing power of the poor and middle-class customers' are fast diminishing; and small firms' profit margins are squeezing as a result of rising expenses and lower sales volumes. The above has equally resulted in increased poverty and vulnerability. Families face discomfort and hunger as a result. Individually, the elimination of fuel subsidies, without any palliatives, instead with increasing and multiple taxations has resulted in less disposable money, less food on the table, less medicine for sick, and an inability to pay for basic schooling. There are argument that Nigeria had all the while being subsidizing the avaricious and profligate consumption of petroleum products by the rich ruling and political class and high income earners. Conversely the low-income were the most vulnerable in the subsidy regime. The same people are now suffering excruciating pain of hyper-inflation due to it poorly planned and managed fuel subsidy removal.

There has been the mantra of rolled out compensation mechanism to cushion the effect of the subsidy removal. There are supposedly palliatives to assist the poor households adversely affected by the policy. The implementation of compensation mechanisms has been reported to lack transparency just like the subsidy regime that birthed them. The delay in providing assistance to the poor and affected households may lead to a further widening of the wealth gap, as those who are already financially vulnerable will struggle even more to meet their basic needs. The hardship in the land arising from the post subsidy removal in resource governance result in social unrest as the social misery amongst the people widens daily. These factors together with the problem of multiple taxations make mockery of the new the minimum wage as an average Nigerian worker cannot secure a good life for oneself and family. In the light of these factors, the minimum wage becomes a starvation for the Nigerian worker (Epelle, 2020).

To be sure, savings and increased revenue from subsidy removal has so far not translated into improved infrastructure development affecting transportation systems, healthcare facilities, and educational institutions. This could have resulted in improved access to essential services for the general population at reduced cost thereby cushioning the effect of the policy on vulnerable population. This finding corroborate Zinami (2024) that the unplanned, poorly coordinated and implemented fuel subsidy removal without some robust compensation mechanism and measures was an infringement on the economic and welfare rights of Nigerians. It also corroborates Oboro et al. (2023) to the extent that increase in the price of PMS as a result of fuel subsidy removal led to high inflation rate, high unemployment and higher poverty rate.

Long Term Implications of the Removal of Fuel Subsidy on Socio-economic Development in Nigeria

The data presented and analyzed showed that subsidy removal have some long term positive impacts. Positively, the removal of subsidies has significant impact on foreign exchange reserves and the trade balance. The removal of fuel subsidies freed the foreign exchange hitherto deployed to finance fuel importation. There is expected to stabilize the Naira to dollar exchange as the demand for dollar for fuel importation is gradually reducing. Subsidizing fuel imports diverts foreign exchange earnings and revenue that could be dedicated to other developmental purposes, negatively impacting the country's trade balance. At its core, this foreign exchange diversion, though meant to cushion the impact of fuel price fluctuations, distorts foreign exchange allocation and inadvertently skews the nation's trade equilibrium; potentially affecting the overall stability of the economy. This redirection strains the trade balance, influencing the

dynamics of exports and imports. This can explain the government's complementary policy decision not to fund foreign exchange demands of importers and the merger of the erstwhile dual exchange rate regimes.

The PWC reported that Nigeria GDP was projected to increase by 3.1% in 2024. This is already experienced as evidence by the increase in FAAC revenue and allocation as shown in table 1 and 2 above. This is largely dependent on oil price, reform in the oil and gas sector, other reforms particularly fuel subsidy removal. However, despite the increase revenue, infrastructure funding remained low and performance on the development indices as shown on table 3 remain discouraging. The avowed commitment of President Tinubu to reinvest the saved fund in public infrastructure, education, healthcare and jobs that will materially improve the lives of millions have not been marched with action as the allocation for infrastructure development in the 2024 and the 2025 budgets suggest. For instance infrastructure funding only take ₦1.32Trillion of the over ₦27.83 Trillion of the 2024 budget (PWC, 2024). The 2025 budget of ₦ 47.1 Trillion has only ₦ 4.1 Trillion allocated to infrastructure development. This shows lack of commitment to infrastructure development.

The issue above of poor commitment to infrastructure and welfare strikes at demand for accountability in public governance. There is deficit of critical mass of citizens with integrity to demand for accountability at all levels of governance. This has condoned the rent seeking behaviour of political leaders at all level. This is such that as rent seeking behaviour and official corruption grows proportionally with financial resources of level of government over which they superintend. It is apposite to state that the demand for accountability eluded Nigerian since the return to democracy due to the *onye buru turn-by-turn mentality* and servitude character of the Nigerian masses. Even the vocal civil society organizations predominantly spearheaded by the Yoruba's of the West now dance to the rhythm of *emi-lo-kon*.

In all, the reform reinvigorates the competition in the oil sector. This will promote transparency and efficiency as market sought after fuel product at cost effective prices. The coming upstream of the Dangote refinery and Port Harcourt refinery and the expected resumed operation of Kaduna and Warri Refineries after injection of ₦16Trillion for the turnaround maintenance and upgrade and freedom granted marketers to also import and sell as competitive market prices will enhance transparency and efficiency in the sector. Available evidence earlier set out indicated a gradual reduction in price of fuel as consumers now patronize retailers with consumer friendly price differentials. Overtime as local production capacity increase and exclusive reliance on importation of fuel decreased, long term price stability will ensue. In this case, domestic production may mitigate some of the impacts of international or global price volatility on domestic pricing and consumption. Improved economic growth with expected positive multiplier effects will also positively by impact reduction in poverty, unemployment, misery index; and in the long run enhance socio-economic development. This finding corroborate Tayo et al. (2014) which found a significant positive relationship between subsidy elimination, investment in the petroleum sector ad improved socio-economic development.

CONCLUSION

This study investigated the impact of natural resources governance on socio-economic development using the case fuel subsidy in Nigeria. It noted that good governance of natural resource abundance is pointer and driver of the development of any given society. From the data presented and analyzed the study found that: poor governance natural resources and the

economic values in Nigeria are the major factors in the systemic dysfunctionalities and the subsequent introduction of fuel subsidy, which later became a clog in the wheel of the country's economic growth and development. The temporary shocks and setback caused the policy of fuel subsidy removal notwithstanding; the full liberalization of the petroleum sectors is Nigeria's hard way to economic recovery, stability and socio-economic development.

It is however apposite to conclude that where natural resources are properly governed, the result is increased infrastructural development, industrialization, stable economy with attendant positive effect on socio-economic development, social welfare and overall societal progress. However, the natural resource endowment of Nigeria is yet to translate into economic progress. There is growing economic misery: poverty, unemployment, food hunger, growing inequality and in most cases social conflict due to ineffective and inefficient management of the oil resource gains. Doubtless, subsidy removal policy was well intentioned to radically address these issues and long-standing fiscal imbalances occasioned by the poorly managed subsidy regime. As such it is a fundamental policy shift and painful path to Nigeria's economic revival. Citizens must therefore learn to grapple with the tough economic implications and realities of subsidy removal. But the strains caused by the inability for government at all levels to adequately and efficiently manage post subsidy removal economic and social shock mitigation measures as well as compensation mechanisms is utterly condemnable.

Undoubtedly, the radical policy shift holds greatly for the socio-economic development of the country. The domestic refining of petroleum product with the full operations of the Dangote Refinery, the reactivation and commencement of operation by the Port Harcourt Refinery, the commitments to the reactivation of Warri and Kaduna refineries, the hope of the BUA Refinery in Akwa Ibom State, and their expected positive multiplier effect will re-launch Nigeria on the path of economic recovery and development. The worry is that the invisible hand in Nigeria pseudo-liberal capitalist society lacks a transparent glove; and that leaving the governance of natural resource entirely to market forces is not in the interest of the country. There is still need for a stronger regulatory power of the state.

Recommendations

Based on the above findings and conclusion, the following recommendations are made:

- The federal, state and local government should heavily invest in affordable and efficient urban and rural-urban mass transportation system for reduced transportation cost. This is particularly so as private transporter have failed to reduce the fare despite gradual reduction in petrol prices.
- To capitalize on the marginal gains so far recorded in local refining and guarantee secured supply for domestic consumption and improved export earnings, the NNPLC should explore partnerships with experienced international energy and production company particularly the Indorama Petrol Chemical and Fertilizer Company Ltd to run the revitalized Port Harcourt Refineries on the Public- Private Partnership (PPP) arrangement.
- States and local government areas should leverage on the increase revenue allocations to diversify into productive venture such as agriculture for food production, energy for electricity generation. This will also boost the economy, create employment and improve the purchasing power of the people.

- The ultimate motive behind the disclosure of increasing revenue and FAAC allocations is to strengthen knowledge, awareness and promote public accountability in the public financial management in Nigeria. There is therefore the need for citizens' collective active and resilience in the demand for transparency and accountability in the management of public funds at all levels of governance and to ensure that public funds are deployed to critical socio-economic infrastructure such as power generation and improved roads, rails and transport.

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