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PREFERENCE FORCOMPENSATIONAL PALLIATIVES FOR THE REMOVED FUEL SUBSIDY IN NIGERIA: A CASE STUDY OF KOGI STATE

[1]Idisi, Park Odojoma (PhD), [1]Musa, A. Shehu (PhD), [1]Maduekwe, M. Innocent (PhD),[2]Simpa, Ondeku James, [1]Emmanuel, Augustine Uke, [1]Ogunrinde, Happiness Ugomma,[3]Atteh, Paul Akinwumi, and [4]Musa, Kubi Ganaka

[1]Department of Agricultural Economics, University of Abuja,Nigeria
[2]Department of Agricultural Technology, Federal Polytechnic, Nasarawa,Nigeria
[3]Department of Agricultural Economics, Federal University of Lafia,Nigeria
[4]Department of Mathematics and Statistics, Federal Polytechnic, Nasarawa, Nigeria

***Corresponding authors**:*

jamessimpa2014gmail.com, +234 8066316605, emmanuelaugustine1993@gmail.com, +234 817 951 8496

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Abstract: This study investigated the preference for compensational palliatives for the removed fuel subsidy in Nigeria using Kogi State as a case study. The objectives of the study include determination of the socioeconomic characteristics of the respondents, examination of preference for compensational palliatives between genders and among the populace, determination of the preferred channels of palliative distribution, and test of hypotheses at 5% levels of significance at the appropriate degrees of freedom. The study used a multi-stage random sampling technique for selection of the 600 (out of which 560 was valid) respondents for eliciting primary data from the three local government councils with the aid of a structured questionnaire. The analytical techniques employed to analyze the data include percentile analysis, charts, and chi-square statistics. The findings of the study include the following: that majority of the respondents are adults and literate, have an average household size of seven, and belong to cooperatives; there were differences between and among the palliative preferences; most both men and women preferred food stuff subsidy first among the alternative compensational subsidies, which pointed to the situation of food security in the country following the fuel subsidy removal; and that there are differences between and among the channels of distributing the palliatives. It was therefore recommended that the views of both males and females should be sought in adopting alternative palliatives to replace the removed fuel subsidy, government at all levels should not impose any alternative palliatives on the citizens without seeking their opinions, governments should find out from the people the preferred channels for distributing palliatives, and alternative subsidies should be given a legal framework as social welfare packages for the citizens.

Keywords: Preference, Subsidy, Palliative, Fuel Subsidy Removal, Social Welfare

Introduction

According to section 14 (2) (b) of the constitution of the Federal Republic of Nigeria 1999, one of the primary functions of government is the provision of social welfare for the citizens of Nigeria (Constitution of the Federal

Republic of Nigeria, 1999). The Nigerian government controls its economy in a way that secures maximum welfare and happiness for its people to engender social justice, equality of status, and opportunity (Odinakachuwu, 2022). Despite this constitutional provision, poverty and inequality remain serious issues in Nigeria (David, Valentina and Louis, 2013). One of the ways by which the Federal Government of Nigeria (FGN) provides social welfare for its citizens is by subsidizing private consumption of imported petroleum products to maintain a stable consumer price and alleviate poverty (Dartanto, 2013).However, all classes of people, including the rich and the poor with limited purchasing power, benefited from this subsidy policy and thus every citizen was happy.

Although fuel subsidies are undesirable in many ways, the Federal Government of Nigeria has been subsidizing imported petroleum products since 1970, and this has diminished the contributions of the petroleum sector to the Nigerian economy (Dartanto, 2013). This is because the volume of subsidy paid by the government on imported petroleum products varies positively relative to changes in international prices and the demand for these products by Nigerians (David *et.al*, 2013 and Dartanto, 2013).For instance, in 2012, the subsidy paidby the FGN was estimated to be US$ 5.6 billion, which is equal to approximately 20% of the total Federal Government budget (Suleiman, 2013; Energy Policy 2014)).In addition, fuel subsidy contributes strongly to the deterioration of Nigeria's balance of foreign reserves, and as such, it is not an efficient policy for poverty reduction and development (David et.*al*, 2013 and Dartanto, 2013). In addition, it crowdedout higher priority public spending such as infrastructures and at the same time resulted in overconsumption of fuels ((Federico*et. al*, 2001, BBC, 2012b), which is not good for the environment. Again, fuel subsidy policy is a costly welfare package to protect the poorest of the poor because of benefit leakages to the rich; the higher income earners gained six times more than the poor from the fuel subsidies (Bacon, Bhattacharya, Kojima, 2010). The share of poor households' fuel consumption is lower than that of rich households (Suleiman, 2013, Dartanto (2013). It equally creates distortive price signals and gives rise to higher energy consumption, especially by the rich, because fuel subsidies make fuel and other petroleum derivatives cheaper (Vagliasindi, 2013).Moreover, poorly implemented petroleum products subsidy policies are very expensive to manage.Usually, energyprice subsidies tend to be regressive worldwide, including in Nigeria. This is because the benefits individuals gain from subsidy policies depend upon the purchase of subsidized goods, and these invariably increase with expenditure (Vagliasindi, 2013). Another problem with fuel subsidies is that some unpatriotic Nigerians and corrupt importing firms indulge in cross-border smuggling of subsidized fuel products into neighboring countries, causing domestic shortages (The Economist, 2011). Similarly, corruption is another killer of the good intentions of petroleum products subsidies; importers receive payment for products they do not supply. For example, the Nigerian government paid a subsidy on 59 million liters of fuel per day instead of only 35 million liters per day in 2011, which was domestic consumption (David et. *al.*, 2013 and Dartanto, 2013). An equally important disadvantage of fuel subsidy is that it leads to overconsumption of fuel and consequently contributes to environmental damage through increased emissions of greenhouse gasses (Vagliasindi, 2013).

Nevertheless, despite the many problems associated with fuel subsidies policy, many governments in developing nations, including Nigeria, were not willing to fully pass these price increases in petroleum products on the international market to domestic consumers. Although a reduction in fuel subsidies results in an increase in Nigeria's gross domestic product (GDP), the Nigerian government was still unwilling to fully deregulate the downstream sector of the petroleum industry (Bacon et. al, 2010). In reality, petroleum products net importers such as Nigeria are expected to have more moral force to undertake full fuel subsidy reforms when the fiscal

burden of such subsidy policies reaches a high percentage of GDP (Vagliasindi, 2013). In addition, prices of petroleum products in international markets are continuously increasing (Energy Policy, 2014; Dartanto, 2013) and have risen dramatically in recent times. Surprisingly, an empirical study shows that a $0.25 per litter rise in pump price resulted in a 5.4% decrease in the real income of the low-income group. It is because of these negative effects of higher prices on the purchasing power of poor households or their real incomes that the Nigerian government was unwilling to fully pass the international fuel price increases to domestic consumers (Bacon et. al, 2010). For these reasons, removing the subsidy on fuel was the most contentious socioeconomic policy issue in Nigeria (Energy Policy, 2014,Dartanto, 2013). The inability of lower- or lowest- or relatively nil-income households to absorb the negative impacts of subsidy removal is a vital input in social welfare policy decisions in the past decades and even more recently. These negative consequences of the laudable fuel subsidy policy negated the efforts of the government. For example, 68 percent of Nigerians are living on less than US$ 1.25 per day against US$ 2.25 per day per person which is the international living standard (Dartanto, 2013), which is one of the motives for petroleum products subsidies. One of thesemotivesis to help people whose self-reported incomes were in the lowest income bracket who are living below the poverty line. For instance, since the full removal of subsidies on May 29, 2023, inflation had pushed 24 million Nigerians into poverty and that poor Nigerians had hit 104 million (World Bank, 2023). Therefore, if the FGN wishes to alleviate poverty, opposed alternative social welfare programmes should be developed to replace the costly and mismanaged fuel subsidies (Suleiman *et. al,* 2013).Because of these bottlenecks facing subsidy policy implementation in Nigeria and the continuous influence of the World Bank and the International Monetary Fund (IMF), successive administrations have been gradually reducing the volume of fuel subsidies and increasing pump prices, thinking and attempting total removal of fuel subsidies. But for political, economic, and social welfare reasons, they had not been able to carry it out. However, the President Bola Ahmed Tinubu administration, in its wisdom and temerity, took the bull by the horn and courageously announced the full removal of fuel subsidies at the inaugural speech on May 29, 2023.

Upon the removal of fuel subsidies, there is a need to compensate all income groups as theburden of subsidy removal is distributed across income groups (World Development, 2023, Bacon *et.al,* 2010). Studies have shown that uncompensated subsidy removal increases the national poverty rate by 3-4% on average (Federico*et. al*, 2001;Dartanto, 2013).Consequently, compensation programmes that are targeted toward the needs of the poor are essential in protecting livelihoods and winning public support for subsidy reform. Some governments subsidise transport while others do cash transfers to alleviate the negative impacts of the removal of petroleum products subsidies on poor households (Ndema, 2022; Dartanto, 2013). Each compensation method has its own merits and shortcomings. In the case of uniform cash transfer, it failed to mitigate price shocks in some sub-nationals (Ndema, 2022). For this reason, there is a needto look for suitable, cost-effective, and complementary alternative subsidy policies and welfare programmes to replace the removed fuel subsidies and reduce their harmful effectson the socioeconomic welfare of the poor. From the above highlights on different perspectives of fuel subsidy withdrawal, and for the fact that the fuel subsidies had remained with us for a long time and its consequential hardship on the poor households, the FGN has to search for alternative compensations, palliatives, and social welfare packages to replace the fuel subsidy removal. The FGN would not be fair to the people and it would not achieve public support if it just introduced and imposed any compensation or palliativemeasures on the people without knowing their preferences; thus, the reason for this paper. Therefore, the objectives of this study are as

follows: to determine the socioeconomic characteristics of the respondents, to examine preference for compensation types according to gender, and to determine the preferred channel of palliative distribution among the respondents. The hypotheses to be tested to confirm if there are differences between their preferences are as follows: Ho: There is no difference between and among the palliative preferences and Ha: There is difference between and among the palliative preferences; Ho: There is no difference between male and female preference for palliative type and Ha: There is difference between male and female preference for palliative type and Ho: There is no difference among preferences of channels of distribution of the compensational palliatives and Ha: There is difference among preferences of channels of distribution of the compensational palliative.

Literature Review

Petroleum products subsidies have been controversial political and economic issues worldwide, particularly in developing countries, of which Nigeria is one. Many scholars have written on different aspects of energy subsidies, more so in Nigeria after the 2012 attempt to remove fuel subsidies and, more recently, the complete removal of fuel subsidies by the President Bola Ahmed Tinubu administration at his inaugural ceremony on May 29, 2023. Scholars have written on the effects of the fuel subsidy removal policy by President Bola Ahmed Tinubu using different approaches. For example, Ikenga and Oluka(2023) wrote on An Examination of the Benefits and Challenges of the Fuel Subsidy Removal on the Nigerian Economy in the Fourth Republic and found that the removal of fuel subsidies resulted in high prices of petrol, transportation fares and food items. Babagana (2023) studied the assessment of the effect of petroleum subsidy removal on consumer purchasing power in some selected local government areas of Borno State and discovered that it had an effect on the purchasing power of consumers. Suleiman, Daura, and Liberty (2023) investigated Public Policy Inconsistency and Economic Development in Nigeria and found that policy change has yielded both positive and negative outcomes. Muktar (2023) wrote on Fuel Subsidy Removal and the Nigerian Economy: A Systematic Review and discovered that fuel subsidy removal undermines households' welfare through the erosion of real income, reduces aggregate demand, and increases the cost of production. Adepoju, Balogun, and Bekesuomowei (2023) studied the Impact of Fuel Subsidy Removal on Gross Domestic Product and Transportation Cost in Nigeria, and the result revealed that inflation increased by 64% with increased fuel prices decreasing GDP by 42.5%. Peterson and Kingsley (2023) investigated the Implications of Fuel Subsidy Removal on the Nigerian Economy and found that the policy would incentivize domestic refineries to produce more petroleum products, channel funds for the development of critical public infrastructure, reduce the budget deficit, curb corruption, and reduce pressure on the exchange rate. These authors made various recommendations, such asregulation of prices of goods and services and provision of adequate social amenities and infrastructures, that the government should create more awareness on the deregulation of the downstream petroleum sector, establishment of targeted social safety nets, and that the government should pursue fuel subsidy reform with caution and ensure that adequate compensation schemes are rolled out.

Some other scholars studied the effects of the removal of subsidies on educational sectors. Ayo and Abubakar (2023) studied the Impact of Fuel Subsidy Removal on Science Education in Nigerian Schools and discovered that subsidy removal on petroleum products had affected science education and led to an increment in the cost of science curriculum implementation, affected implementation of teaching and learning of science programme, led to an increment in prices of laboratory resources and science instructional materials, and recommended that the budget of education should be increased and more priorities should be given to science programme. Niyi and

Aregbesola (2023) studied Impact of Subsidy Removal on Nigerian Educational System and found out that removal of subsidy has negatively affected school administration by increase in the cost of running schools and reduce school supervision activities in Nigerian educational institutions and recommended assistance to schools and for students. Chinwuba and Bandekaji (2023) investigated Impact of Fuel Subsidy Removal on Guidance and counselling Programme in Nigerian Schools and the result showed that subsidy removal had led to increment in the cost of Guidance and counsellingprogramme implementation and job performance of Guidance and counselling teachers and recommended increment in budgetary allocation to education with focus on Guidance and counselling programme. Niyi and Bartholomew (2023) studied the Impact of Subsidy Removal on Educational Institutions in Nigeria and discoveredthe following: increment in operational cost, increment in school fees, and increment in prices of instructional materials, reduction in hours of teaching and learning, and delay in payment of school fees. They recommended an investment of 20% of funds saved from removal of subsidy on education and scholarship and bursaries programmes for tertiary institution students. Ohiare (2023) worked on the Impact of Subsidy Removal and Curriculum Implementation in Nigerian Schools and found that subsidy removal has affected implementation of curriculum and increased prices of providing infrastructure facilities in educational institutions. He recommended that 20% of subsidy funds saved from subsidy removal should be allocated to education at all levels. Gregory and Esenyin (2023) worked *on* the Impact of Subsidy Removal on Supervision of Schools in Nigeria and discovered thatsubsidy removal in Nigeria affected supervisors' job performance and led to an increment in the cost of supervision resources. Thus, it was recommended that the federal and state governments should increase funding for education and that more priority should be given to school supervision. Niyi and Ekundayo (2023) investigated the management of tertiary institutions in the post-subsidy removal era in Nigeria and revealed an increment in internally generated revenue, reduction in resource wastage, and marginalization of some units and directories. They recommended designing policies to reduce wastage of resources in various institutions, especially in energy consumption. Sani and Niyi (2023) worked on Effects of Subsidy Removal on Universities Administration in Nigeria and found that subsidy removal led to an increase in universities' operational costs and increments in teaching, research, and community services costs of implementation. Based on these findings, they recommended an increase in funding for teaching and research.

Olowa (2023) worked on Fuel Subsidy Removal and Palliative Cash Transfer: A Case of Agriculture Students' Perceptions in Lagos State, Nigeria, and Unusa, Yakubu, Emeje, Ibrahim, Stephen, and Egbunu (2023) studied Fuel Subsidy Removal and Poverty in Nigeria: A Literature Review and recommended rural electrification, increase in the minimum wage, andfood distribution**.** Aligbe and Momoh (2023) studied Fuel Subsidy Removal and the Political Sagacity of the Tinubu Administration: Implications and Coping Mechanisms and found that while the poor suffer more in the form of higher transport fares, high cost of living, and high cost of running business, subsidy removal is in the overall interest of the whole economy as funds would be channelled to improving infrastructural amenities, especially in the healthcare, education, and transport sectors. Theyrecommended that the government should judiciously utilize the funds saved from fuel subsidy removal for the citizens.

Jegede and Steve (2023) studied the Impact of Subsidy Removal on Christian Religious Institutions in Nigeria and discovered that subsidy removal negatively impacted Christian religious institutions in terms of increment in operational cost, reduction in number of worshipers, and reduction in the institutions' income. They recommended

that government at every level should include Christian religious institutions in the sharing of their palliatives. Udemgba, Okoronkwo, Olejeme, Ugwu, and Ogba (2023) examined Road Transport Fuel Price and Food Security in Southeast Nigeria and found that regulation of fuel pump price by the government had undermined the availability of food products in Southeast Nigeria. Therefore, they recommended cushioning of the effect of increase in fuel price in a bid to enhance food security in Southeast Nigeria. Abdulkadir and Shuaib (2023) worked on The Nigerian State and the Issue of Oil Subsidy. Their study revealed that fuel subsidy constitutes waste and that the resource could be better utilized to facilitate economic development and that the fund for subsidies could be rechanneled to fund infrastructural development and subsidizing agriculture and manufacturing.

Therefore, from the above literature, one could establish that there was a contextual gap in the literature on full subsidy removal, and as such, this paper sought to fill the available gap. No scholar had worked on the preference of compensational palliatives (social welfare packages) for the removed fuel subsidy in Nigeria.

Theoretical Framework

Governments all over the world perform one subsidy or another to support consumption, production, export, or employment, all for the welfare of the people (Abdulkadir and Shuaib, 2023).Subsidy is a government policy that keeps the prices consumers pays for goods and services below market prices. Fuel subsidy is therefore a portion of the market price that consumers are supposed to pay for petroleum derivatives that is being paid by the government as a social welfare package for its people (Onyeizugbe and Onwuka 2012). The aim of any subsidy by the government is to help consumers or producers purchase essential commodities that the consumers would not have been able to afford due to their prices. The market prices of goods and services are decreased by the value and magnitude of the subsidy so that citizens of the country, particularly low-income earners with limited purchasing power, can acquire them. There are direct and indirect subsidies. Direct subsidies have a direct impact on the prices of the products. Direct subsidies reduce the costs of production, transportation, and other marketing services. Indirect subsidies affect the prices that consumers or producers pay for goods indirectly, for instance, government regulations, technology, infrastructure, research and development, and legislation (Adebiyi, 2011). This means that these services or provisions reduce the cost of production and, invariably, the ultimate prices that consumers pay for the final products.

Subsidy removal is an official withdrawal of subsidies on products or services that were once subsidized. By this, the government takes the decision to stop paying subsidies on products and services it once paid (Niyi *et. al;* 2023). It is a total stoppage of the subsidy regime in countries for particular goods and services. Subsidy removal is the liberation of prices of commodities such that the prices of those goods and services are determined by forces of demand and supply (Niyi *et. al;* 2023). This therefore invariably and always results in an upward review of the prices of the affected products. For instance, in Nigeria, when the new administration of President Bola Ahmed Tinubu announced the total removal of subsidies on petroleum products in May(2023), the Nigerian National Petroleum Company Limited (NNPCL) quickly approved an upward review of the pump price of premium motor spirits (PMS) by about an initial increase of 164.5% across the country.

Fuel subsidy removal policies are crucial issues in any country, especially where poverty is high and citizens do not trust their government on the judicious use of the gains of the withdrawal. Countries that want to remove fuel subsidies may have to sensitize their citizens because fuel subsidies are sensitive to political systems, the state of the economy, economic structure, and the level of development of the country. Successful and less stressful and less injurious fuel subsidy removal are gradually carried out in phases with conscientious engagement of citizens

before implementation and palliatives provided. Effective communication is critical to success factors in fuel subsidy removal to gain the confidence of the populace on the intention of the removal and that the savings from the withdrawal of the subsidy would be used for the development of other sectors of the economy.

Methodology

Kogi State is located in the Guinea forest-savannah ecological zone of Nigeria and between latitude 6°30′N and 8°30'N and longitude 5°51′E and 8°00'E. The state is made up of 21 local government councils (LGCs) divided into three senatorial districts , namely, Kogi West, Kogi Central, and Kogi East, with a population of 3,314,043 and land area of about 30,354.74 square kilometres (National Population Commission, 2006).

The study used a multi-stage random sampling technique for the selection of respondents. The senatorial districts were adopted for this study. One LGC each was selected from each district. Kabba/Bunu, Adavi, and Dekina were selected from the West, Central, and East senatorial districts, respectively. Each LGC was divided into two zones. Kabba/Bunu was divided into the Aiyetoro-Gbede and Iyah Gbede zones; Adavi was divided into the Kuroko and Nagazi zones; and Dekina was divided into the Ayigba and Egume zones. One hundred respondents were randomly selected from each zone, totalling 600 for the collection of data.

Cross-sectional primary data were collected by trained enumerators from the respondents using structured questionnaires and personal interviews. The instrument for data collection was validated by two colleagues. The 600 questionnaires were administered, but only 560 were correctly responded to and useful; thus, the sample size was 560. The data collected include socio-economic characteristics of the respondents, such as gender, age, literacy, household size, and membership of the cooperative. Data were also collected on compensational alternative palliative preferences by the respondents. The analytical techniques employed to analyze the data include descriptive statistics, such as percentile and charts, and chi-square statistics. The chi-squared test was used to test whether the observed frequency was significantly different from the expected frequency. The chi-square test statistic using the formula:

$$\chi^2 = \frac{\Sigma(O-E)^2}{E}$$

where;

χ^2 = Chi-square at (C-1) (R-1) degrees of freedom;

O = observed frequency;

E = expected frequency;

Σ = Summation sign;

C = Number of columns;

R = Number of rows.

Decision Rule: If the computed chi-square is greater than the tabulated value of chi-square at 5% level of significance at (C-1) (R-1) degree of freedom, the null hypothesis is rejected and the alternative accepted. Otherwise, the null hypothesis is accepted.

Results

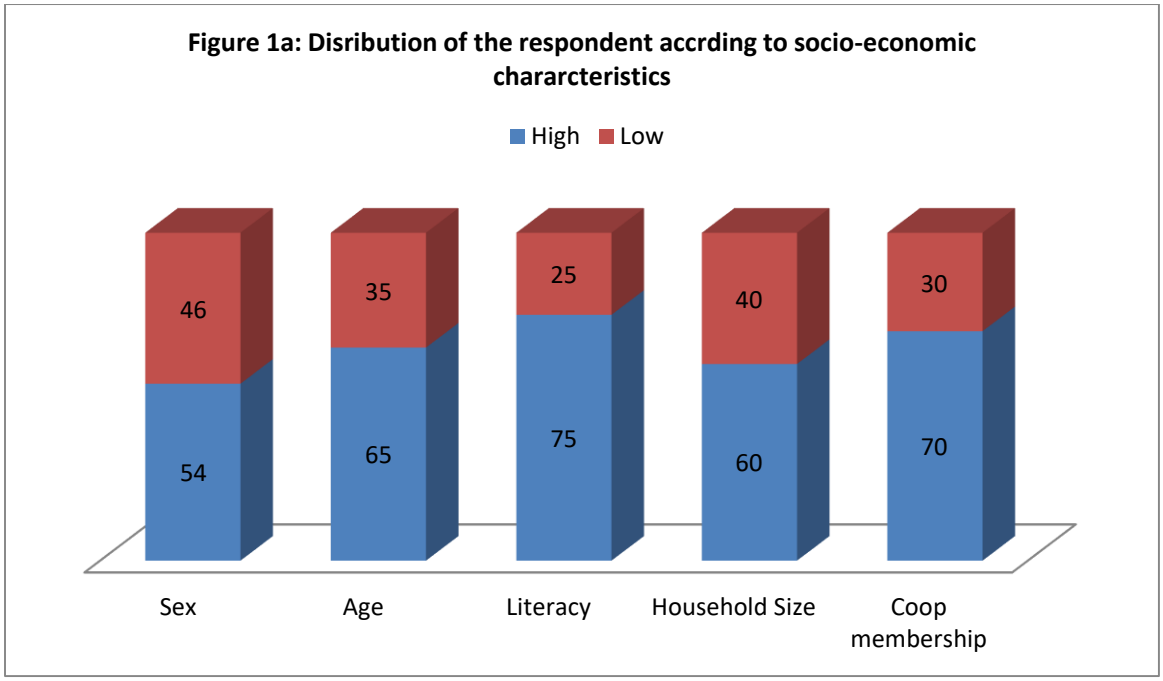


Figure 1a: Disribution of the respondent accrding to socio-economic chararcteristics
High
Low
46
54
35
65
25
75
40
60
30
70
Sex
Age
Literacy
Household Size
Coop membership

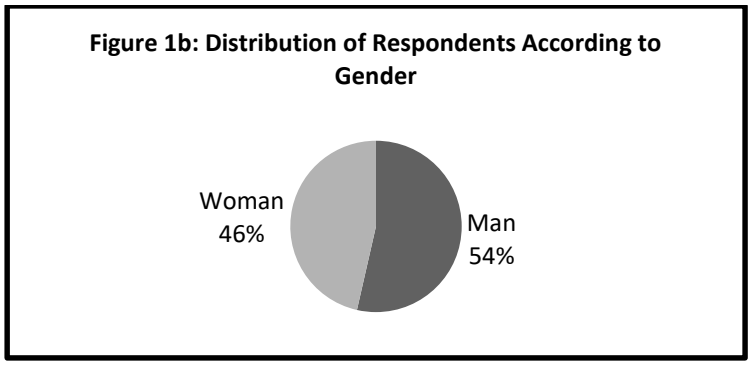


Figure 1b: Distribution of Respondents According to Gender
Woman 46%
Man 54%

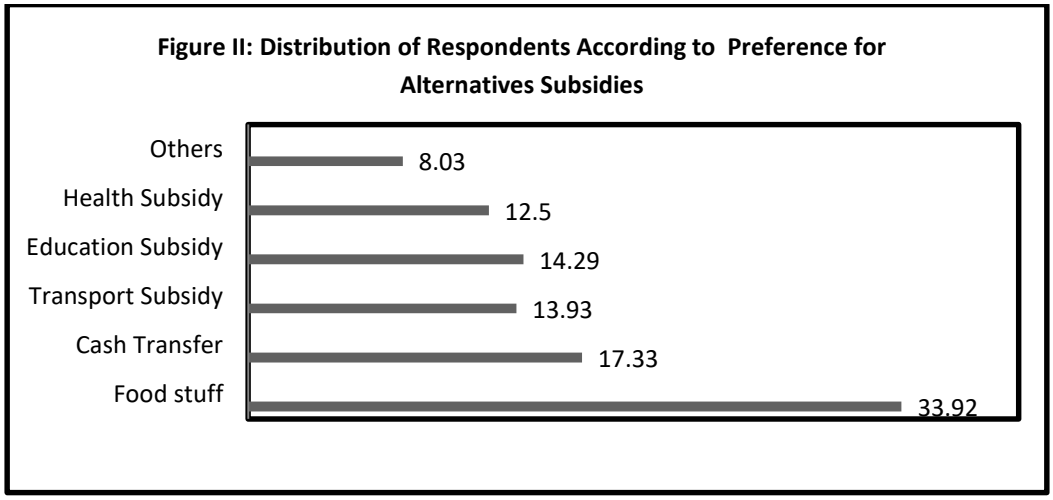
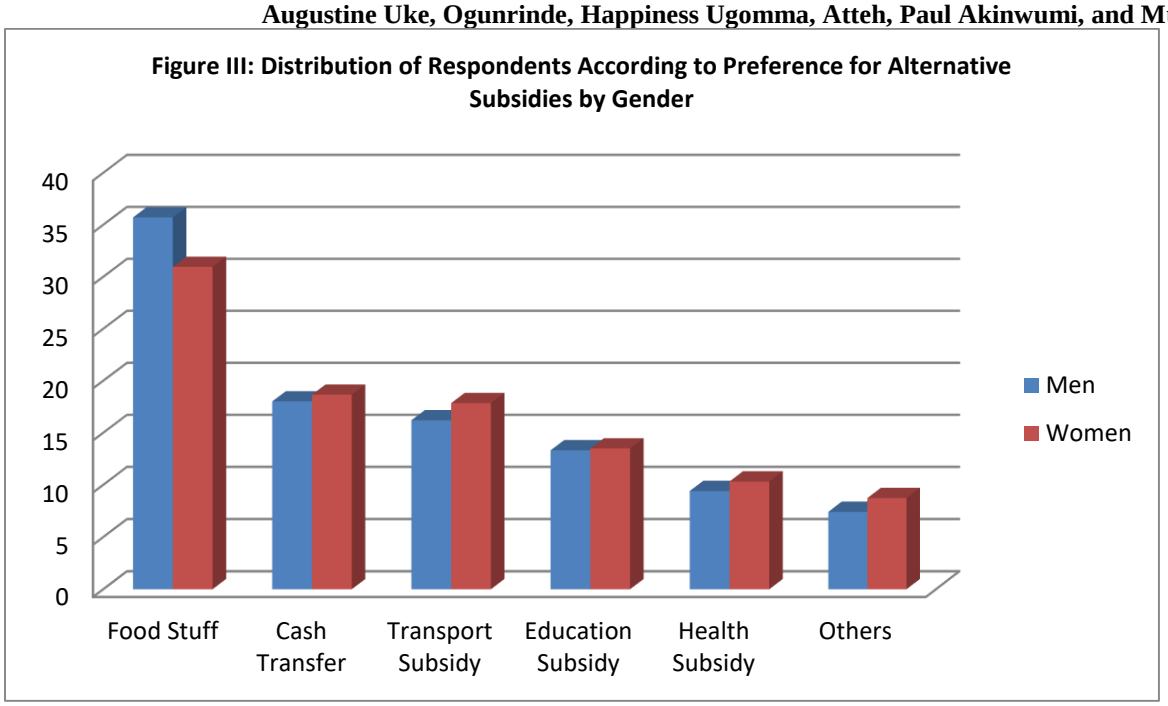
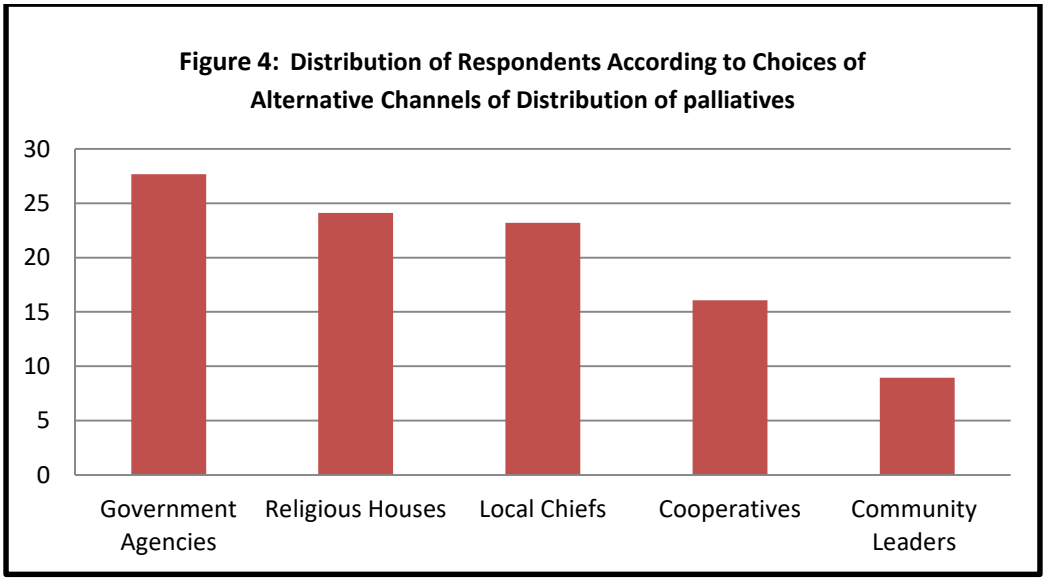


Figure II: Distribution of Respondents According to Preference for Alternatives Subsidies
Others
8.03
Health Subsidy
12.5
Education Subsidy
14.29
Transport Subsidy
13.93
Cash Transfer
17.33
Food stuff
33.92





Hypotheses Testing

Hypothesis on Preferences for alternative Palliatives

Ho: There is no difference between and among the preferencesfor alternative palliatives.

Ha: There isa difference between and among the preferencesfor alternative palliatives.

Table 1: Contingency Results for Palliative Preferences

Variable	Food stuff	Cash transfer	Transport	Education subsidy	Health subsidy	Others	Total	Cal. χ^2	Tab value	Decision
OBSERVED	115	34	31	24	26	20	250	66.6	9.236	Reject Ho
EXPECTED	75	63	47	56	44	25	310			

TOTAL	190	97	78	80	70	45	560

Source: Field Survey, 2023

Hypothesis on the preferences for alternative palliatives by gender

Ho: There is no difference between male and female preferences for alternative palliatives.

Ha: There is a difference between male and female preference for alternative palliatives.

Table 2: Contingency Results of Palliative Preferences by Gender

Gender	Food stuff	Cash transfer	Transport	Education subsidy	Health subsidy	Others	Total	Cal. χ^2	Tab value	Decision
MALE	110	55	50	41	29	23	308	1.573	9.236	Accept Ho
FEMALE	78	47	45	34	26	22	252			
TOTAL	188	102	95	75	55	45	560			

Source: Field Survey, 2023

Hypothesis on the preference for palliative distributive channels

Ho: There is no difference among preferences forthe channels of distribution of alternative palliatives.

Ha: There is a difference among preferences for channels of distribution of alternative palliatives.

Table 3: Contingency results of palliative distributive channels

Variable	Government agencies	Religious houses	Local chiefs	Community leaders	Cooperatives	Total	Cal. χ^2	Tab value	Decision
OBSERVED	70	40	60	40	30	240	42.92	9.236	Reject Ho
EXPECTED	85	95	70	50	20	320			
TOTAL	155	135	130	90	50	560			

Source: Field Survey, 2023

Discussion

Figure 1a shows the distribution of respondents according to socioeconomic characteristics. Percentile was used to describe the characteristics of the respondents. The percentage was grouped into two categories: high and low percentage. High denoted majority and low minority of the respondents. For gender, age, literacy, household size, and cooperative membership, high stands for male, age above 50 years, literate, household size more than seven persons, and yes for cooperative membership, respectively, and low for otherwise. The results indicated that most respondents are males, adults, and literate, have an average household size of more than seven persons, and belong to cooperatives. This implies that the respondents' responses and preferences are well informed.

Figure I(b) shows the distribution of respondents according to gender. It revealed that the respondents were made up of men and women at a ratio of approximately 1:1 for men and women, respectively. This might imply that the sample and the responses are neither biased nor lopsided on a gender basis. The data analyzed might provide the correct view of the study area concerning the preferences for alternative palliatives.

Figure II indicates the distribution of respondents according to preferences for alternative palliatives to replace the removed subsidy. Five alternative palliatives were suggested to the respondents, and their responses are charted in Figure II. If the choices were to be arranged in descending order: food , cash transfer, education subsidy, transport subsidy, health subsidy, and others with respective percentages of 33.92%, 17.33%, 14.29%, 13.93%, 12.5%, and 8.03%, it would show the direction and weight of the preferences. The implication of this distribution might imply that food is the most preferred, and this gives a signal about the status of food security in the country that is either resulting from or worsened by the fuel subsidy removal. The majority of the respondents might have chosen food stuff palliative because of the negative effects of fuel subsidy removal on food stuff prices. In fact, the preference, weight, and direction of distribution of preferences might show the impact of the subsidy removal on the people, especially the poor households. Either all or some alternative palliatives or subsidies could be adopted because there are differences between and among the alternatives.

Figure III shows the distribution of respondents according to classification of preferences on a gender basis. It showed that the majority of both men and women preferred the food stuff subsidy, but all other preferences were almost of the same weight or magnitude for both men and women. The preference for food subsidies by both genders again shows the intensity of the problem of hunger in the country, particularly among the poor after the removal of fuel subsidies. The implications of this result would be made clearer when the hypothesis relating to gender preference is tested.

Figure IV shows the distribution of the respondent according to choices of alternative channels of distribution of alternative palliatives. There are differences between and among the preferences for the channels. These preferences may be borne out of experience. This might imply that governments have to know the right channel to follow to provide palliatives to the people. Therefore, each community must be studied to determine the right cannel that would work for them. It might not be one channel for all since different communities might prefer different channels.

From Table 1, the computed chi-square value is 66.6 and the tabulated value at 5% level of significance with 6 degrees of freedom is 9.236. Because the computed value is greater than the tabulated value, we reject the null hypothesis and conclude that there is a difference between and among palliative preferences. This implies that governments should not just carry out any palliative measures; they have to determine what the people need. The preferences of the communities, especially the needs of poor households, should be considered and adopted. In this particular study, the priority of the people is food subsidies.

From Table 2, the computed chi-square value is 1.573, while the tabulated value at 5% level of significance with 6 degrees of freedom is 9.236. Because the computed chi-square value is less than the tabulated value, we accept the null hypothesis and conclude that there is no difference between palliative preferences by male and female gender. This means that both men and women agreed on the priority of preferences; food items being the first and followed by education, transport, health, and others, and others being the least. This again shows the hunger situation in the country following the removal of fuel subsidies. Almost the same number of male and female respondents preferred other palliative options according to Figure III, which is why the hypothesis confirmed that there is no difference between and among the options made by males and females.

Table 3 displays the contingency results of the palliative distribution channels. It showed that the computed chi-square value is 42.92 and the tabulated value at 5% level of significance with 6 degrees of freedom is 9.236. Because the computed chi-square value 42.92 is greater than the tabulated value of 9.236, we reject the null

hypothesis and conclude that there is a significant difference between and among the palliative distribution channels. Therefore, the government should not adopt any distribution channel; it has to investigate the channel that each community prefers for collection of palliatives.

Conclusion

There are preferences for compensational alternative palliatives in place of the removed fuel subsidy in Nigeria. The majority of the respondents are adults and literate, have an average household size of more than seven persons, and belong to cooperatives. There were differences between and among palliative preferences. The majority of both men and women preferred the food stuff subsidy first among the alternative subsidies, followed by cash transfer, education subsidy, transport subsidy, and health subsidy. This pointed to the situation of food security in the country following the fuel subsidy removal. There are differences among the channels of distributing palliatives to the communities.

Recommendations

1. In adopting alternative palliatives to fuel subsidy, the views of both males and females should be sought as both are equal and critical stakeholders as there was no difference between their preferences as verified by this study.
2. Government at all levels should not just impose any alternative palliatives on the citizens, they should adopt this study or collect public opinions as to what the people need before embarking on people oriented alternative palliatives which would be accepted and appreciated by the poor whose self-reported incomes were in the lowest income bracket in particular and make them support the removal of fuel subsidies. This is because there was a difference between the preferences and acceptances of the alternative palliatives. Adopting tailored social protection schemes that ensure public support for subsidy reforms is sacrosanct.
3. Governments should determine the channels individual communities preferred to receive their palliatives as there was a difference between and among the preferred channels as in this study. The distributing agents should be made up of men and women in the same ratio, preferably as in this study.
4. There should be a social welfare legal framework to support alternative preferences to the withdrawn fuel subsidies, such as food subsidy, transport subsidy, education subsidy, and health subsidy, and channels of distribution so that no administration would just come up and tamper with them. This is because the subsidy policies are designed to help the poor and low income earners so that no administrator would just resume and remove subsidies at the inauguration ground without well-structured social administrative processes and procedures.

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