



## Corruption in Nigeria: An Assessment of Fuel Subsidy in the Buhari Administration.

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### ABSTRACT

The study examined corruption in fuel subsidy in Buhari Administration. The issue of fuel subsidy in Nigeria over the years has been a contentious one and as such Nigerians do not believe that the proceeds from fuel subsidy can be used to cushion economic crisis. It is believed that the proceeds are diverted by politicians for their personal gain. In addressing this ugly predicament, three objectives were raised to guide the study. Relevant literatures were reviewed. The social conflict theory was adopted as the theoretical framework for the study. The historical design was used. The data derived from the secondary sources was analyzed qualitatively with the help of the content analytical technique. Based on the analysis, it was discovered that the Buhari Administration was not sincere in the fight against corruption rather the fight against corruption was selective and was targeted against political opposition and opponents, leaving the perpetrators in his government and that fuel subsidy have not contributed to the betterment of the Nigerian economy because of corruption. The study recommended among others that the issues of policy inconsistency and credibility problem which has eaten into the fabric of our political system must be addressed for subsidy saving funds to have impact on the economy. Succeeding governments must see the need to be consistent in the implementation of a particular policy until every gain derivable from such policies has been exhausted and another credible policy formulated. If this is not done, the apparent inefficiencies of government policy will continue and that efforts should be made at sensitizing the populace on the already completed projects from savings derived from fuel subsidy so that the people are carried along as the policy of the government is being executed and that the level of trust may be increased.

**Key words: Corruption, Subsidy, Fuel subsidy, Mismanagement, National Development**

### I. INTRODUCTION

In 1999, there were hopes that the socio-economic problems plaguing the nation then would be removed by civilian government. Unfortunately, such hope is gone as the problems have refused to go away despite the years of civilian rule. A grim picture pervades the economic skyline, and the average Nigerian has only one description: poor, under-nourished, poorly sheltered, and unemployed and where employed, poorly remunerated (Nkeneke, 2021). The present socio-economic condition of an average Nigerian is far worse than the situation captured in the above view which was expressed in recent years. In addition to the challenges listed above, excruciating hardship, hunger (starvation in some cases), misery and unprecedented high cost of living, among others, have become the key pillars of Nigeria's socioeconomic architecture. Indeed, to say that Nigerians are economically hurting at this moment is no exaggeration; to state that most Nigerians have never had it this economically difficult in their lifetime is not an over-statement; the fact that most Nigerians are out of work and go to bed hungry now is no longer news; the pains are palpable in the voices and faces of everyday Nigerians on the streets and in the work and market places across the land (Ukah, 2021).

Government at all levels makes numerous strategic and tactical decisions in the process of identifying and rendering services to the public. These decisions are complicated by environmental factors such as general economic conditions, laws, and political environment, social and cultural changes. According to Bridgetown (2020) public problems are complex and ill-defined and that their consequences may not be identifiable before implementation. These factors have resulted to conflict of perception between the government and the public in most public decisions in Nigeria. For five decades now, Nigeria's economic policies,



growth, and other related activities have been largely influenced by the oil industry.

Nigeria is a country endowed with vast mineral resources prominent among which are the oils and gas reserves (Ikenga, 2012). The country possesses 28% of Africa's proven oil reserves, second only to Libya; and is the largest producer of crude oil in the region, producing 2.4million barrels per day in 2010 which is about 24% of the continent's petroleum (Siddig, 2020, Agah and Ikenga, 2007). One of the contentious issues in Nigeria today is the removal of fuel subsidy on Premium Motor spirit (PMS) (Akinwale, 2020). Fuel subsidy means trillions of Naira paid to local marketers for importing petrol to sell below the cost of importation to consumers. The reason behind introduction of fuel subsidy was driven more by political consideration than well pondered economic calculation as it was only to allow Nigerians have cheap fuel, reduced transportation, and commodity costs.

Subsidy is a financial assistance or support provided by the government to individuals, businesses, or industries to promote specific activities or to offset costs (Ikenga and Oluka 2023). It is a form of economic intervention where the government provides funds or incentives to encourage the production, consumption, or use of certain goods or services. Subsidies are often employed to stimulate economic growth, protect domestic industries, or address social issues. They can take various forms, such as direct cash transfers, tax breaks, reduced interest rates, or price reductions. The aim is to make certain goods or services more affordable and accessible to the public (Nwankwo, 2021). Fuel subsidy refers to a government policy where the cost of fuel production and distribution is partially or fully borne by the government to keep fuel prices lower than the actual market value (Obi and Ikenga, 2018). It is implemented to ease the financial burden on consumers and stabilize fuel prices, particularly for essential commodities such as gasoline and diesel (Ikenga and Oluka, 2023; Nwankwo, 2021). Fuel subsidies are typically employed in countries with high energy consumption and limited domestic energy resources. By subsidizing fuel prices, governments aim to ensure affordability and accessibility, especially for lower-income households and sectors heavily reliant on transportation and fuel (Odularu& Aluko, 2020).

In 2020, Nigeria took steps to remove fuel subsidies and transition to a more market-oriented pricing system to address these issues and promote

economic sustainability. Nigeria implemented fuel subsidies to address the economic and social challenges associated with high fuel prices (Eze & Ogbonna, 2021). The country heavily relies on imported petroleum products despite being an oil-producing nation. Subsidies were introduced to cushion the impact of rising fuel costs on the population, especially the lower-income groups, and to stabilize prices for essential commodities. However, the subsidy system in Nigeria has been plagued by inefficiencies, corruption, and smuggling, resulting in significant financial burdens for the government (Ikenga & Efebeh, 2013). These challenges led to calls for subsidy reforms to redirect resources towards infrastructure development and social services (Omokehinde, 2020).

The removal of subsidies in Nigeria, particularly fuel subsidies, has been a highly debated and controversial topic with significant implications for the country's economy and society. The Nigerian government has implemented subsidy removal policies as part of broader economic reforms to address fiscal challenges, promote efficiency, and attract private sector investment (Ikenga & Agah, 2020). However, the removal of subsidies has also resulted in adverse effects on the population, particularly the most vulnerable. One of the main arguments in favour of subsidy removal is the need to reduce government spending and redirect funds to critical sectors such as infrastructure, healthcare, and education. Proponents argue that subsidies distort market prices, encourage smuggling, and create opportunities for corruption. They contend that removing subsidies would encourage private sector participation, improve efficiency, and stimulate economic growth. On the other hand, critics argue that subsidy removal leads to immediate increases in fuel prices, which disproportionately affect low-income individuals and exacerbate the cost of living. They highlight the lack of adequate social safety nets and the potential for social unrest. Moreover, they question the effectiveness of redirecting saved funds to public services, as corruption and mismanagement have often plagued government spending in Nigeria.

The subsidy program in Nigeria has been plagued by widespread corruption, mismanagement, and inefficiencies (Ikenga, 2018, Ejumudo and Ikenga, 2015). There have been instances of fuel subsidy funds being misappropriated, diverted, or embezzled by corrupt officials and individuals, leading to significant financial losses for the government. Corruption in



the subsidy system has involved various fraudulent practices, such as over-invoicing, phantom subsidy claims, and smuggling of subsidized fuel across borders. These activities have drained resources and undermine the intended benefits of the subsidy program. Furthermore, corruption has hindered the effective implementation of measures to regulate and monitor the subsidy system. Weak governance structures, lack of transparency, and limited accountability have allowed corrupt practices to persist, making it difficult to detect and prosecute those involved (Adeleke & Fasoranti, 2020).

The impact of corruption in fuel subsidy has had severe consequences for the Nigerian economy and its citizens (Ikenga & Agah, 2020). It has contributed to the erosion of public trust, undermined economic development, and diverted funds that could have been invested in critical infrastructure, social programs, and other sectors (Agah & Ikenga, 2023; Chukwuemeka & Awelewa, 2021). The Buhari Administration in a bid to reduce the effect of subsidy removal on Nigerian citizens accepted loans and grants from several international bodies and states. Loans from World Bank, Chinese Loans, African Development Bank (AfDB) Loans, IMF Loan in 2020, Eurobonds etc.

Unfortunately, corruption has undermined the effective utilization of these funds and perpetuated a cycle of underdevelopment in Nigeria. Misallocation of funds that were intended for development projects. Instead of being used for infrastructure development, education, healthcare, or other critical sectors, these funds are siphoned off by corrupt officials or diverted into private accounts. As a result, the country has not been able to fully harness the potential benefits of international loans or subsidy removal in driving sustainable economic growth. Corruption is one of the key reasons why the country heavily relies on imported petroleum products despite being an oil-producing nation and the dilapidated state of refineries in Nigeria is even more disturbing (Ejumudo and Ikenga, 2015).

### OBJECTIVES OF THE STUDY

The general objective of this study is to examine corruption in fuel subsidy in Buhari Administration in Nigeria. The specific objectives of this study are to

- i. examine the Fuel Subsidy and Buhari Administration in Nigeria
- ii. examine Corruption and Fuel Subsidy in Buhari Administration in Nigeria

- iii. find out the measures adopted to ameliorate the effect of Fuel Subsidy corruption in Buhari Administration in Nigeria

### RESEARCH QUESTIONS

The following research questions should guide the study:

- i. What are the impacts of Fuel Subsidy in Buhari Administration in Nigeria?
- ii. To what extent has Corruption affected Fuel Subsidy in Buhari Administration in Nigeria?
- iii. What are the measures adopted to ameliorate the effect of Fuel Subsidy corruption in Buhari Administration in Nigeria?

## II. REVIEW OF RELATED LITERATURE SUBSIDY

There are various descriptions of subsidy by experts. Nwosu (2021) enunciates that: Subsidy is any public money or other resources out of the wealth of the entire nation which government makes available to any enterprise it owns for the purpose of enabling it to sell any of its goods or services or both at any price below what it would have sold it if its aim was to make any profit at all. Organization for Economic Co-operation and Development (OECD, (2016) describes subsidies as a measure that keeps prices for consumers below market levels or keeps prices for producers above market levels or that reduces costs for both producers and consumers by giving direct or indirect support.

To Robinson (2021), subsidy is described "as transfer payments because it refers to payment by government for which the government receives no product, service, or asset. Berge (1951) is of the opinion that: "subsidy is a gift; a one-way transaction, without provision for payment." Subsidies could come in the form of grants and other direct payments. Based on this fact, tax concessions, in-kind subsidies, cross subsidies, credit subsidies and government guarantees, hybrid subsidies, subsidies through government procurement, derivative- subsidies and market price support are all identified forms of subsidies (Steenblik, 2019).

Subsidy can be seen as money that is paid by a government or an organization to reduce the cost of producing goods and services so that their prices can be kept low; it can also be regarded as a device employed by government to assist either the consumer or producer to consume or produce certain commodities at prices below the prevailing market price. According to Ehi (2019) subsidy is benefit usually given by government to group or



individuals in form of price reduction to remove some types of burden and it is often considered to be of public interest. On his part, Ekpo (2020) is of the view that generally, subsidy represents an intervention in the market system because the market-determined price may not be fair and equitable particularly if the said product is essential in the functioning of the economy. Therefore, he argues, government intervenes to lower the price paid by buyers by either subsidizing the suppliers to reduce the cost of production, which would translate to lower prices for buyers and/or give the buyers enough money to enable them to buy the product at a price lower than the equilibrium or market-determined prices.

Moreover, subsidy can be described as a form of price manipulation where the government fixes the pump price for sale to consumers and pay the retailer the difference between the actual market price and the regulated or official price per litre (Anazodo, Ezenwile and Chukwurah, 2020, Obi and Ikenga, 2018). A subsidy has also been conceptualized as assistance paid to a business for an entire economic sector or producers of goods and services, and most subsidies are government subventions given to industries that experience continuous unprofitable operations but are of strategic importance to the nation (Lekan and Sote, 2021). According to Lekan & Sote (2021), environmental economists define subsidy as uncompensated environmental damage arising from the flow of goods and services, and in a budgetary context, it may be defined as “unrecovered costs” in the public provision of private goods. He observes that in Nigeria, the relevant state agency reimburses the differential between the unprofitable price that importers of petroleum products sell to the public and both the landing cost and the profit margin allowed. The differential is called petrol subsidy.

### **FUEL SUBSIDY**

Fuel subsidy refers to a government policy where the cost of fuel production and distribution is partially or fully borne by the government to keep fuel prices lower than the actual market value. It is implemented to ease the financial burden on consumers and stabilize fuel prices, particularly for essential commodities such as gasoline and diesel (Nwankwo, 2020). Fuel subsidies are typically employed in countries with high energy consumption and limited domestic energy resources. By subsidizing fuel prices, governments aim to ensure affordability and accessibility, especially for lower-income households and sectors

heavily reliant on transportation and fuel (Odularu & Aluko, 2020).

In Nigeria, in Ebi's view, fuel subsidy payment only applies when the landing cost of a petroleum product based on the import parity exceeds the approved ex-depot price for the product. It has been opined that subsidy, in an economic sense, exists when consumers of a given commodity are assisted by the government to pay less than the prevailing market price of same. In respect of fuel subsidy, the argument goes, it means that consumers would pay less than the pump price per litre of petroleum product; and on the other hand, it is reasoned, fuel subsidy could be described as the difference between the actual market price of petroleum products per litre and what the final consumers are paying for the same product (Majekodunmi, 2020).

In a short essay Eyekpimi (2016) posits that fuel subsidy is a grant paid by a government or a public organization to an enterprise that benefits the citizens or members so that price of a commodity or service may be affordable, and this could be in the form of financial aids, interest-free loans, cash payments, or tax reductions with the aim of promoting socio-economic growth. Fuel subsidy, in Eyekpimi's words, is the Nigerian government's financial aid to Nigerians to enable the consumption of fuel at a cheaper rate, end unpredictable supply, and ensure stability in domestic fuel price.

Lekan and Sote (2021) also believe that there is a nexus between fuel subsidy and the economy. As he puts it, transport, powered by fuel, conveys people and goods, and it must be factored into product costs. Therefore, if you have a regime of fuel subsidy, crops will be conveyed from the farm gate to consumers at more affordable costs. And from a well-fed, healthy, and well-nourished citizenry you can get a productive workforce.

### **FUEL SUBSIDY AND BUHARI ADMINISTRATION IN NIGERIA**

The Biblical narrative has it that one of the men who ruled the Jewish people was King Rehoboam. He was the ruler who publicly and unabashedly declared cruelty and brutality as his key instruments of governance. While addressing the people he was meant to govern, he unveiled the wicked and inhuman plans he had for them thus: “my father made your yoke heavy, but I will add to it; my father chastised you with whips, but I will chastise you with scorpions” (II Chronicles 10: 14). By the manner and magnitude of the increase in the pump price of petrol, President Muhammadu



Buhari appeared to be telling Nigerians that since his predecessors (especially Obasanjo, Babangida and Abacha) made life difficult for them; it was about to get worse.

Presently, Akinloye, (2020) has correctly observed, “every day in Nigeria is worse than the previous day, and there is no hope in sight”. The current situation in the country has been caused mainly by the policies of the Buhari-led administration, one of which is the fuel subsidy removal. Indeed, with the present reality in Nigeria, it is difficult to challenge Jaye (2019) observation that it does not require a degree from Harvard or Oxford, or a career at the World Bank or in the banking and petroleum industries to be able to draw the conclusion that in an economy where provision of basic services and products depends on operation of petrol-based generators to produce electricity needed; that in such an economy any increases in the prices of petroleum products, much less doubling of current prices, will have a serious, sustained, and deleterious effect on the livelihoods of tens of millions of Nigerians, and a calamitous if not clear catastrophic impact on the economy and social wellbeing of the country and her citizens.

Public policy is infested with special interest groups and private interests, and a policy that is sold as a public interest policy may not, in fact, be in the public interest; moreover, a policy that is, in fact, in public interest may be subverted against public interest (Uchendu, 2021). This view is validated by the government’s incessant fiddling with the price regime of petroleum products in Nigeria. In January 2012, “the regime of Goodluck Jonathan increased the price-per litre of petrol from sixty-five naira (N65) to one hundred and forty-one naira (N141) and was met with riots and protest” (Obo, Eteng and Coker, 2016, Obi and Ikenga, 2018); but in May 2016, Muhammadu Buhari increased the pump price of petrol from eighty-seven naira (N87) to one hundred and forty-five naira (N145) per litre. The fact that this act had devastating effects on the lives of most of the Nigerian masses cannot be overemphasized. In Nigeria’s petrol-dependent and petrol driven economy, this astronomical increase instantly precipitated huge increases in the costs of goods and services. And the victims are the already poor and long-suffering masses.

It should be stated that there was no notable nationally organized resistance to this policy of the Buhari-led government. The workers’ union, the Nigerian labour Congress (NLC) – with a largely compromised and ideologically bankrupt leadership – failed to respond in any significant

way to the government’s wicked actions. To this extent, an “ideological hegemony” appeared to have been attained by the government. “Ideological hegemony” is achieved by the ruling class in a society not so much to the extent that it is able to impose a uniform conception of the world on the rest of the society, but to the extent that it can articulate different visions of the world in such a way that their potential antagonism is neutralized (Adetula, 2021).

To justify the removal of fuel subsidy, the government stated that it was deregulating the oil sector and that the subsidy scheme was fraudulent. It was also pointed out that deregulation would generate more funds for the government to invest in other key sectors of the economy. But deregulation is not all about the government arbitrarily fixing the price of petrol (or any other good for that matter), for in a pseudo-capitalist system which the Nigerian elites claim to practice in the country, that should be the job of Adam Smith’s “invisible hands” of market forces of demand and supply.

According to Ekpo (2020), a Nigerian Professor of Economics, the removal of oil subsidy is faulty even on theoretical grounds; on the demand side, there are millions of players but on the supply side there is a problem: some 80 per cent of the petroleum products used in the country is imported and only 20 percent is refined in the domestic market. Under such a scenario, Ekpo argues, it becomes a challenge to determine an appropriate market-determined price. Consequently, in his view, the issue of subsidy becomes suspect as it throws up a mountain of questions: What is the appropriate cost profile of pump price of petroleum? Why is the country still importing about 80 percent of petroleum products? Ekpo states that using this aspect to determine either the appropriate domestic pump price or the amount of subsidy involved remains a problem. Other questions include: What is the cost of inefficiency in the government-owned oil company (NNPC)? What is the cost of the refineries producing below installed capacity? What is the quality of infrastructure in the country? What is the quality of the provision of social services such as health and education, among others in the country? etc.

Professor Ekpo also contends that a wrong tinkering of the oil price (subsidy removal included) will trigger increases in the general price level – what economists call structural inflation, and this phenomenon, if allowed to occur, according to him, would affect other important



macroeconomic variables such as the interest rates, nominal wages, investment and unemployment, thus making macroeconomic management of the economy difficult. He concludes that there is now no convincing reason for the removal of petroleum/oil subsidy until government properly reforms the oil and gas sector of the economy, reduce heavy reliance on petroleum revenue, set in motion policies and incentives for the construction of refineries, among others. Professor Ekpo made these points six years ago; they are as valid now as they were then.

While commenting on the increase of pump price of petrol by the Buhari-led administration, Eyekpimi (2016) lists what he regards as the “advantages” of the policy to include:

- i. This new pump price will hopefully resolve the recurrent fuel scarcity crisis by ensuring availability of products as marketers will now be able to import product to the fullest capacity without government restrictions on import approval;
- ii. It will also help reduce hoarding, smuggling and diversion of petroleum products and help ensure product price and free market stability through private sector participation;
- iii. It will stabilize the labour market, enabling employment creation through new investments in private refineries, oil retailing, and loss of excess crude via gas flaring;
- iv. It will ensure competition in the industry and market forces will drive down the price of petrol in the long run as witnessed in the telecoms sector;
- v. Improvement in the power sector: the current fuel price will lead to the research for cheaper power generation alternatives; and
- vi. Increase in government interests in other sectors: the subsidy removal will give government access to more funds for development of other sectors such as education, health, employment, transportation, etc.

The author also enumerates the disadvantages of the policy as follows:

- i. Increased cost of living: with the price of premium motor spirit (PMS) increased, the economy will face a sudden surge of inflation. As inflation sets in, more Naira will purchase fewer goods causing depreciation in its value;
- ii. Increase in transport cost: transportation cost has gone up as much as 300 percent since the N145/litre increase. This increase has caused a ripple effect on other sectors of the economy;

iii. Increase in the cost of small-scale business services. These businesses depend on subsidized fuel to render services, as public electricity supply is not reliable;

iv. Increased cost of production; and Customer abuse.

Even a cursory glance at the above points would reveal that the adverse effects of the policy of subsidy in an underdeveloped socio-formation like Nigeria far outweigh whatever “gains” that are attributed to it. It should be remembered that between 2000 and 2007, the administration of Olusegun Obasanjo increased the pump price of petrol at least six times; in 2012, the Goodluck Jonathan government raised the price of fuel; and in 2016, the Buhari regime also increased the price of petrol. All these regimes argued that the “advantages” of subsidy removal – as listed above – would accrue to the country. Nigerians are still waiting for these “benefits”. It should be emphasized that the essence of governance is the promotion of people’s welfare. As Rajesh Tandon (2019) puts it, governance is about the systems and processes of mobilization and utilization of public resources for common public goods; therefore, it implies that various institutions and systems in the government are essentially concerned with determination and delivery of various public goods.

Public policy, as Momoh & Quadri (2019) observed, has to do with “the public and its problems”. The problems of the Nigerian public are numerous: poverty, lack of social amenities (roads, electricity, hospitals, schools, rail transportation, etc), high level of unemployment, scandalous rates of inflation, etc. Therefore, every public policy should be aimed at the promotion of the public good by tackling these problems facing the people, not by compounding them. With the frequent increases in the price of petrol, the Nigerian ruling elites have turned crude oil which is a blessing in other climes – into a curse on the lives of the Nigerian masses.

The hypocrisy and gross dishonesty inherent indicate that those who misgovern Nigeria know that the Nigerian people are not smiling. Like its predecessors, the Buhari government tried to defend its policy of increasing the price of petrol; it pointed out that the policy would generate funds for development; stabilize fuel supply; eliminate smuggling of fuel out of the country; and it was needful for the “deregulation” of the oil sector. But “to continue to recycle kindergarten logic” to justify the hardship visited upon the masses by the policy of subsidy withdrawal “amounts to a tragic



insult on the collective intelligence of Nigerians” (Director, 2005).

Again, like the regimes before it, the Buhari administration asked Nigerians to make sacrifices for the development of the country. But as Adesanmi (2019) has aptly shown, wherever it has worked in history as in mythology. Sacrifice has always been democratic and collective, and the first to sacrifice for the collective good has always been the leadership. This is how the leadership comes to acquire the symbolic validity to preach sacrifice to the people and to mobilize the theme “darkness just before the light at the end of the tunnel” as a valid pathway to national redemption. Adesanmi also points out that where a leadership takes the lead and adapts her material needs and tastes to the imperative of sacrifice, she acquires the legitimacy to inspire the people to sacrifice; sacrifice becomes democratic when the effects of hardship are equally felt, and sacrifice becomes inspiring when a people’s leadership is the first to take the plunge by adapting her taste to the imperatives of the moment.

Professor Adesanmi also stated that no nation has ever succeeded in which the leadership summons the people to sacrifice while bluntly refusing to forego even the most minimal fragment of her own privileges according to the exigencies of the moment. In his words, no leadership has ever successfully mobilized the people to sacrifice while nestled in obscene comfort, ostentation, debauchery, and carnivalesque. Only sacrifice which is democratic is legitimate. Only sacrifice which is democratic should be morally and ethically supported. Only sacrifice which is democratic can mobilize the people. While President Muhammadu Buhari and officials of his government ask the masses for sacrifice, they (the government officials) enjoy immense comfort and luxury funded by the Nigerian people. For instance, in the 2017 national budget estimates, N100.8million is allocated for the purchase of canteen and kitchen equipment, while foodstuff and catering materials will gulp N123 million and refreshment and meals N97.2 million; N80.3 million was voted for the same purpose in 2016 budget, while, in the preceding year, it was N237.3 million, and the same 2016 budget contained votes of N92.6 million and N94.3 million for food and catering materials and refreshment and meals respectively(Editorial, The Punch, January 19, 2021). These were all for the presidency only.

Moreover, in 2017, the Presidency earmarked for itself N100 million for the purchase of “motor vehicles” and another N97.2 million to

be spent on acquisition of buses; this same purchase of motor vehicles and buses also attracted N599 million and N278 million respectively in 2016, and the same 2016 budget contained items such as the purchase of five BMW cars at N40 million each and five Prado or Toyota Land Cruiser Jeeps (SUVs) at N28 million each (all totaling N340 million); 10 16-seaterHiace buses, 10 33-seater Coaster buses and one utility pick-up van, all valued at N278 million (Editorial, The Punch, January 19, 2021). It is instructive to note that President Buhari also has at his disposal – for his comfort and pleasure – the largest Presidential Fleet of aircrafts in the world.

### **CORRUPTION AND FUEL SUBSIDY AND BUHARI ADMINISTRATION IN NIGERIA**

Corruption has played a significant role in preventing Nigeria from enjoying the benefit of fuel subsidy (Agah and Ikenga, 2023). The subsidy program in Nigeria has been plagued by widespread corruption, mismanagement, and inefficiencies. There have been instances of fuel subsidy funds being misappropriated, diverted, or embezzled by corrupt officials and individuals, leading to significant financial losses for the government. Corruption in the subsidy system has involved various fraudulent practices, such as over-invoicing, phantom subsidy claims, and smuggling of subsidized fuel across borders. These activities have drained resources and undermine the intended benefits of the subsidy program. Furthermore, corruption has hindered the effective implementation of measures to regulate and monitor the subsidy system. Weak governance structures, lack of transparency, and limited accountability have allowed corrupt practices to persist, making it difficult to detect and prosecute those involved (Adeleke & Fasoranti, 2020).

Corruption over the years has had adverse effect on fuel subsidy which in turn hasaffected the Nigerian economy and its citizens. It has contributed to the erosion of public trust, undermined economic development, and diverted funds that could have been invested in critical infrastructure, social programs, and other sectors (Chukwuemeka &Awelewa, 2021). The Buhari Administration in a bid to reduce the effect of subsidy removal on Nigerian citizens has accepted loans and grants from several international bodies and states. Loans from World Bank, Chinese Loans, African Development Bank (AfDB) Loans, IMF Loan in 2020, Eurobonds etc. Unfortunately, corruption has undermined the effective utilization



of these funds and perpetuated a cycle of underdevelopment in Nigeria.

Misallocation of funds that were intended for development projects. Instead of being used for infrastructure development, education, healthcare, or other critical sectors, these funds are siphoned off by corrupt officials or diverted into private accounts. As a result, the country has not been able to fully harness the potential benefits of international loans or subsidy removal in driving sustainable economic growth. It's important to note that while loans can provide necessary funding for development and economic projects, managing the associated debt burden and ensuring transparent and efficient utilization of the borrowed funds are crucial for sustainable economic growth and development.

Corruption is one of the key reasons why the country heavily relies on imported petroleum products despite being an oil-producing nation and the dilapidated state of refineries in Nigeria is even more disturbing. The country has failed to effectively maintain and operate its refineries, and corruption has exacerbated these problems in the following ways:

- i. **Embezzlement of funds:** Corruption has led to the embezzlement of funds earmarked for refinery maintenance. Money that should have been used to upgrade and repair infrastructure has been diverted into private pockets. This lack of investment has contributed to the deterioration of the refineries and their equipment.
  - ii. **Lack of transparency in contracts:** Corrupt practices, such as bribery and kickbacks, have influenced the awarding of contracts related to refinery maintenance. In some cases, contracts may be given to companies or individuals who are not qualified or capable of performing the required maintenance work (Olanrewaju, 2020). This compromises the quality of maintenance and contributes to the decline of refinery infrastructure.
  - iii. **Mismanagement and inefficiency:** Corruption has also resulted in mismanagement and inefficiency in the operation of refineries. Appointments and promotions within the refineries may be influenced by bribery or nepotism rather than merit, leading to the placement of incompetent or unqualified individuals in key positions (Onuoha, 2020). This lack of expertise and accountability further hampers proper maintenance practices.
  - iv. **Lack of investment and infrastructure development:** Corruption reduces the incentive for foreign and domestic investors to invest in the Nigerian oil sector. The absence of sufficient investments means there is inadequate funding for the necessary maintenance and infrastructure development in refineries. This perpetuates a cycle of neglect and decay.
- v. **Theft and Pipeline Vandalism:** Corruption has facilitated the theft and vandalism of refinery equipment and resources. This can include the illegal tapping of pipelines, diversion of petroleum products, or sabotage by insiders involved in corrupt practices (Olanrewaju, 2020). Such criminal activities contribute to the deterioration of the refineries and disrupt the overall functioning of the oil industry.
  - vi. **Governance and Management Issues:** Mismanagement, corruption, and inefficiency within the Nigerian National Petroleum Corporation (NNPC), which oversees the refineries, have also contributed to their deteriorating state (Onuoha, 2020). These issues have resulted in poor decision-making, a lack of accountability, and a failure to attract the necessary expertise to effectively manage and rehabilitate the refineries. The combination of these corrupt practices has had detrimental impact on the maintenance of refineries in Nigeria. It has led to a situation where the country's refineries are operating well below their capacity, causing a heavy reliance on imported petroleum products, and depriving the nation of potential revenue from exports (Esin, 2021).

#### MEASURES ADOPTED BY BUHARI ADMINISTRATION TO ADDRESS CORRUPTION IN FUEL SUBSIDY

The Buhari Administration claimed to have taken several measures to prevent corruption, such as implementing financial reforms, strengthening anti-corruption agencies, and promoting transparency and accountability in public institutions. Initiatives like the Treasury Single Account (TSA) and the Whistleblower Policy have been introduced to enhance financial management and encourage citizens to report corrupt practices. However, challenges remain in effectively implementing and sustaining these preventive measures, as corruption persists. The Buhari Administration claims to have taken several steps to curb corruption in the country. Upon assuming office in 2015, President Muhammadu Buhari made the fight against corruption one of his top priorities by...

- i. **Establishing Anti-corruption Agencies:** The administration has strengthened existing anti-corruption agencies such as the Economic and Financial Crimes Commission (EFCC) and the





Independent Corrupt Practices and Other Related Offences Commission (ICPC). These agencies have been empowered with more resources and support to investigate and prosecute corruption cases. However, these agencies have been used to only witch-hunt people that are against the Buhari Administration (Agah and Ikenga, 2023).

- ii. **Whistleblower Policy:** The administration introduced a whistleblower policy to encourage citizens to report acts of corruption. The policy offers financial incentives and protection for whistleblowers, resulting in the recovery of significant amounts of stolen public funds. However, this policy has failed to account for the accountability of recovered funds. These funds get cornered and used for personal gains.
- iii. **Recovery of Stolen Funds:** The Buhari Administration made efforts to recover stolen assets domestically and internationally. This includes collaboration with foreign governments and institutions to repatriate looted funds and assets back to Nigeria. Unfortunately, several of these funds recovered are not accounted for and are never used for the benefit of the people. E.g. the several stolen funds by Abacha recovered internationally.
- iv. **Treasury Single Account (TSA):** The administration implemented the Treasury Single Account system, which consolidated government funds into a single account to enhance transparency and prevent leakages. This centralized approach was to help reduce corruption and improve accountability in public financial management. However, corruption existing within the system has only led to more financial irregularities and loss of public funds.
- v. **Strengthening of Financial Regulations:** The Buhari Administration has taken steps to strengthen financial laws and improve oversight in the banking sector. This includes the introduction of Bank Verification Numbers (BVN) and measures to curb money laundering and illicit financial flows.
- vi. **Focus on High-Profile Cases:** The Buhari Administration has prioritized investigating and prosecuting high-profile corruption cases. This sends a strong signal that impunity will not be tolerated, and those found guilty of corruption will be held accountable. Again, this has only been a case of witch-hunting people against the Buhari Administration.

The above factors have the potential to aid the fight against corruption, but they have all been in futility because the fight against corruption was not sincere and as such was only targeted at political oppositions and opponents, while leaving

the culprit who engaged in corrupt practices within the government. Persistent challenges such as systemic corruption, weak institutional capacity, and the need for comprehensive reforms continue to hamper progress. Sustained efforts, continued reforms, and a comprehensive approach involving all stakeholders are necessary to achieve a significant and lasting impact in curbing corruption in Nigeria.

### THEORETICAL FRAMEWORK

The Elite theory has various versions and has been popularized by different scholars starting from that formulated by Gaetano Mosca (1858-1941) and Vilfredo Pareto (1848-1923) to those of Wright Mills, Raymond Aron, Roberto Michels and Floyd Hunter. These different versions will however be combined in a bid to serve as framework of analysis. Two Italian sociologists first developed this theory, namely: Vilfredo Pareto and Gaetano Mosca. The earlier versions of the theory emphasized personal attributes of leaders, which aided their hold or dominance in power positions. Later versions dwelt more on the institutional framework of society. (Haralambos & Heald, 1999).” According to Pareto, elite means the small number of individuals who, in each sphere of activity, have succeeded and have arrived at a higher stratum in the professional hierarchy. He further divides the elite class into two: a governing elite and Non-governing elite.

Pareto’s focus of inquiry was on the ruling elite, which, he believed, rules by a mixture of force and cunningness (Varma, 2006). This position exposes the characteristics of some Nigerian leaders, particularly the retired military generals and top government officials who have various businesses in the Nigerian society. This typifies Roberto Michels “Iron Rule of Oligarchy.” Using their status as well as the role of a ‘General’ to bully others, these persons were on top of their careers from all possible signs but always cling very closely to the country’s rulership. Every institution, whatever its original intentions, is inevitably reduced to ‘oligarchy,’ that is, the law of the few chosen. Michels maintained that most human beings are apathetic, indolent, and slavish. They are ineligible for self-government. Therefore, they have to rely on their members to achieve their social goals. The platforms for this representation are labour unions, political parties and other organizations. According to the elite theorists, these oppressive strategies of the bourgeoisie by the democratic elites exist as the elites are more organized and have class-consciousness.



In Nigeria, the elite's actions and inputs are so pronounced that they make decision for every aspect of the Nigerian economy. Fuel subsidy removal in Nigeria has generated a lot of debates among stakeholders in the country. The elite theory argues that in the Nigerian society some individuals compete for resource maximization which in this case is the fuel. Competition for fuel between the upper class (politicians) and the lower class (the masses) causes oppressive mechanism of the ruling class which the elite are dominating every cycle of the Nigerian society. The upper class wants to maintain their influence over fuel distribution through domination and oppression while those in the lower class want to secure fuel for running their businesses and other activities. This has led to social inequality in the Nigerian society where there is a glaring gap between the rich and the poor. The state of rural areas in the country compared to that of the urban areas is a very good example of this inequality.

The bourgeoisies as termed by Karl Marx (upper class) live in urban areas while the proletariats (lower class) live in rural areas. The condition of rural areas in the country has become worsened due to the increase in fuel prices caused by the removal of fuel subsidy. The removal of fuel subsidy in Nigeria is thus viewed by elite theorists as one which was employed by the upper class to oppress, exploit and dominate the lower class in order to acquire more wealth, resources and power as this removal of subsidy has enriched some individuals and groups at the expense of the masses having adverse economic effects on them. An example can be seen in the hoarding of fuel by many filling stations in the country that delay sales to sell at exorbitant prices later.

However, those in the upper class buy fuel at any time they want because of the economic and political power they possess which is a sign of inequality. It is believed that there is bound to be revolution in the country which will lead to social change. This change will be facilitated by the lower class in the country that constitutes a majority and are affected the most by any economic decision made by those in the upper class. Social change could come in form of a military coup, revolution by members of the society or even the restructuring of the political system.

Fuel subsidy is a political scam that the elites in the Nigerian society use to divert government funds to their personal gain. If leaders were sincere in the utilization of the money accruing from fuel subsidy for the provision of

social infrastructure s such as road, electricity, schools and other social amenities, Nigeria would have been competing with other developed nations. But the continued oppressive, marginalized mechanism of the political elites in our economic, political and social life has over the years contributed to the underdevelopment of the Nigerian state. Hence, while many Nigerians agree and believe that the removal of fuel subsidy remains a more viable economic option, the inability of the government to process its crude oil in the country coupled with the apparent inefficiencies, corruption, mismanagement and smuggling in the oil sector has made fuel subsidy removal an acceptable option. Attempts by successive governments to remove the subsidy have generated oppositions from consumers already used to cheap energy price in the market due to the presumptions that any price increase will fuel inflation and reduce economic welfare.

Nigerian Oil and Gas downstream sector is dominated by cartels who manipulate prices, through artificial supply restriction. These cartels determine volume of importation and the proportion that should be released to the market. At times, they only allow a few product holders to supply the market, while others hoard Peter Akpatasan Presidents of NUPENG has stated thus: "Deregulation cannot work in a market dominated by a cartels. This cartel is so strong that it can continue to manipulate prices out of the reach of common man. You cannot deregulate when you have no refineries.

### III. RESEARCH METHOD

The design of any research work is the structure of research techniques employed by a researcher that are appropriate for the study. Research design is the structural strategies that the researchers engaged in to create enough data for the success of the research endeavor. The historical research design was employed as a methodical examination and critical appraisal of present and past events concerning corruption and fuel subsidy in Buhari's Administration in Nigeria. The historical design is appropriate because it enables the researcher to present issues of corruption and fuel subsidy in Buhari Administration for policy makers and stakeholders to think about not discover new phenomena. The contents analytical technique was used to extract the contents of the documents used for the study to address objectives the study.



#### IV. MAJOR FINDINGS

Based on the analysis, the following findings were observed:

- i. It was observed that fuel subsidy in Nigeria has not led to improved living conditions for ordinary Nigerians. Instead, it has resulted in increased hardships, as the removal of subsidies has led to higher commodity prices in the market, affecting the cost of living for the population.
- ii. Findings indicate that the funds generated from fuel subsidy have not been effectively utilized for national development, including infrastructure and human capital development. Instead, there have been allegations of embezzlement and misappropriation of these funds by those responsible for managing the subsidy and other public officials.
- iii. The study suggests that fuel subsidy, both in previous and current governments, has had significant macroeconomic effects, including influencing money supply, exchange rates, interest rates, and gross domestic product (GDP). These impacts reflect the interconnectedness of fuel subsidy policies with broader economic factors.
- iv. The analysis found that the anti-corruption efforts during the Buhari Administration were perceived as selective, targeting political opposition and opponents while not effectively addressing corruption within the government's own ranks. This selective approach raised questions about the sincerity of the anti-corruption campaign.
- v. The study concludes that fuel subsidy has not significantly contributed to the overall improvement of the Nigerian economy, largely due to issues of corruption and mismanagement of resources associated with the subsidy program.

#### V. CONCLUSION

It is crucial for subsidy removal policies to be accompanied by effective mitigation measures, including targeted social welfare programs, to protect vulnerable segments of the population which the Nigerian government has failed at. Transparency, accountability, and good governance are essential to ensure that the savings from subsidy removal are effectively channeled into public services and developmental projects. Addressing corruption in the fuel subsidy sector is crucial for Nigeria to fully reap the benefits of subsidy removal or any future subsidy programs. It requires strengthening institutions, improving transparency and accountability measures, prosecuting those involved in corrupt practices, and implementing effective monitoring systems to

ensure that funds allocated for subsidies are utilized appropriately for the benefit of the Nigerian people.

#### VI. RECOMMENDATIONS

The following recommendations were made:

- i. It is essential for successive governments to demonstrate policy consistency and credibility. This means committing to and effectively implementing policies until their intended benefits are realized. Consistency in policymaking can build trust and reduce the perceived inefficiencies in government policies.
- ii. Emphasizing diversification beyond oil revenue by investing in agriculture, manufacturing, and industry is crucial. Encouraging youth to participate in these sectors can not only reduce dependence on oil but also stimulate economic growth and job creation.
- iii. Transparency and accountability should be at the forefront of government operations. Ensuring that funds saved from subsidy removal are managed transparently and that government officials are held accountable for their actions is vital for economic growth and development.
- iv. Keeping the public informed about completed projects funded by subsidy savings can help build trust and support for government policies. Transparency in communicating the use of public funds fosters a sense of inclusion and engagement among citizens.
- v. Involving locally elected representatives in monitoring and oversight of financial matters, including loans, refinery maintenance, and subsidy funds, can help reduce corrupt practices and improve accountability at the grassroots level.
- vi. Finally, it's important to recognize that the fight against corruption is an ongoing process and sustained efforts are essential. Combining multiple strategies, including policy consistency, transparency, and local governance involvement, can contribute to a more effective anti-corruption campaign. More so, implementing these recommendations would require a concerted effort from government agencies, elected officials, civil society, and the public.

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