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Fuel Subsidy Removal and Informal Workers in Peri-Urban Communities in Nigeria.

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Abstract

Following President Bola Ahmed Tinubu's statement on May 29, 2023, the day of his inauguration, that gasoline subsidies would be eliminated, the welfarist market structure's ability to foster economic and entrepreneurial independence was curtailed. Additionally, it limits the networks of social groups and collective organizations that defend individual informal workers, especially artisanal craftspeople, small dealers, and commercial tricycle and motorcycle riders in peri-urban areas. The loss of gasoline subsidies and the ensuing hardship, according to the report, have severely damaged the informal economy of peri-urban workers because there aren't enough social safety measures in place to help vulnerable groups. It also reduced the personal income of informal workers in the peri-urban areas and government revenue in Kogi State. The study concluded that a reduction in the price of petroleum, providing financial capital, material palliatives, and affordable social protection facilities to informal workers in peri-urban areas is relevant for sustainable economic development in Nigeria.

Keywords: Fuel Subsidy, Informal Economy, Informal Workers, Peri-Urban Economy, Subsidy Removal

Introduction

The federal government of Nigeria, through the President of Nigeria (Bola Tinubu), made Nigerians believe that the subsidy on petrol was fully removed on 29th May 2023; by June 2023, the effect had spread across the country. The Nigerian government believes that subsidies are one of several policy tools to achieve grassroots economic, social, and environmental goals. Any measure that keeps the price that consumers pay for a thing or product below market levels or above market levels for producers is, by definition, a

subsidy. According to the United Nations Environment Programme (2003), governments everywhere view the supply of subsidies as a social duty to the economically disadvantaged, especially those who make less than $2 a day and vulnerable populations. Subsidies are found worldwide in several economic areas, such as petrol, energy, agriculture, and fisheries. Additionally, according to a 2003 UNEP assessment, global experience shows that the outcomes of eliminating subsidies have been inconsistent. In certain nations, the program of subsidy elimination was rather successful and caused little societal strain. In other instances, the exercise was considered unsuccessful. Eliminating subsidies for necessities, however, has been known to cause societal unrest and, in the worst cases, to spark street riots and civil unrest.

Amosun, Babalola & Eketunde (2012) explain that the history of eliminating petrol subsidies or raising prices outright is fairly lengthy. However, it has frequently been met with demonstrations due to the detrimental consequences it has on the political system. Labor movements, civil rights organizations, student unions, and other organizations and individuals that support the protest against this unpopular government action frequently come together. It primarily comes from big cities and peri-urban areas and more developed regions, where the elimination of subsidies has the greatest effect. Despite this, there is still a noticeable difference between the urban and rural populations in terms of the benefits that government programs bring to them. According to UNEP research from 2003, the urban population would be more impacted than the rural one if fuel subsidies were eliminated. According to UNEP, the majority of people living in rural areas were farmers and belonged to lower socioeconomic categories that still used firewood, charcoal, and less sophisticated vehicles.

But according to UNDP (2011), “a lot of rural populations are now using less biomass energy as their primary source of fuel for home cooking, and there are a lot of telecommunications devices, generators, and other fuel-consuming equipment in these places. Our study shows that population education has now used the term "peri-urban" to describe rural areas that share traits with metropolitan areas. This suggests that the withdrawal of fuel subsidies presents problems for informal workers in peri-urban areas other than the cost of goods and the delivery of agricultural products. Other aspects of their everyday lives are now impacted by fuel subsidies. Therefore, peri-urban residents are directly impacted when the government removes fuel subsidies.

The informal economy in these places is dominated by tiny firms that lack incorporation, registration, structured contracts, and/or social security (Castells and Portes 1989; Lindell 2010; Brown & Mackie 2018). The informality of economic contacts in Nigerian communities is influenced by the conditions of their livelihoods created by the country's consecutive neoliberal reforms (Bayat 2000, 2007; Lindell 2010, cited in Lenshie et al., 2021), rather than people's fear of modernity. The withdrawal of petrol subsidies has worsened the situation of informal laborers in Nigeria by reducing governments' ability to

uphold the social compact. The elimination of petrol subsidies and the steps adopted to counteract them have harmed the livelihood of informal workers in Nigeria, where more than half of the population have lost their livelihood (Twibanire 2020; Fox & Signé 2020; Ezeibe et al. 2020, cited in Lenshie et al, 2021).

With a dense population, Nigeria will be severely impacted politically, socially, and economically by the removal of gasoline subsidies and containment measures. For instance, according to Al Jazeera (2024), the removal of fuel subsidies and the decline in world oil prices brought on by a decline in demand for Nigerian crude oil are causing extreme economic hardship for Nigerians residing in cities and peri-urban areas. Nigeria's real GDP shrank by 2.8% in the third quarter of 2024. The weak purchasing power parity that came from the withdrawal of fuel subsidies also forced the Nigerian government to set the benchmark oil price at US$73.96 per barrel and oil output at 1.64 million barrels per day (mbpd) in its 2024 budget. This was then modified to $80 per barrel and 1.8 mbpd, though (NBS, 2024). According to the National Bureau of Statistics (2024), Nigeria's unemployment rate was 23% in the second quarter of 2024 and was predicted to rise to 28% in the ensuing quarters due to the compounding effects of the removal of gasoline subsidies.

Thus, the aim of this research is to bring to fore the question of what fuel subsidy removal policy mean for the informal sector in the peri-urban area, given its huge human and economic costs on the operators in the important (informal) sector. How well has the informal sector as a whole performed given the burdens of fuel subsidy removal? It also raises the question of what is the significance of adjustment or economic reforms for development in Nigeria and what socioeconomic policies are appropriate to deal with the challenges of the sector in order to stimulate its development? This is evident from the nature of the living and working conditions of workers in the sector which are characterized by a cycle of impoverishment and subsistence living. It is in the light of these and other considerations, including the non-affordability of its social and political costs, which has compounded the challenges of operations in the informal sector as well as the social welfare of the operators that motivate this study.

Despite studies looking at how the removal of fuel subsidies affects livelihoods in urban areas or cities with more developed health infrastructure, the activities of informal workers in peri-urban economies have not received enough scholarly attention in the era of the removal (Onyishi et al. 2020; Ezeibe et al. 2014). In Nigeria's peri-urban areas, the economic activities of informal laborers have been studied (Ibezim-Ohaeri & Okon 2020). Besides, very limited study has been carried out on the costs implications of the fuel subsidy removal policy on the economy of the operators of the informal workers in the peri-urban areas. It is the recognition of these gaps in knowledge that underline the importance of this study which is to investigate the state of human and economic development of the operators involved in this often neglected sector (informal economy)

of the Nigerian economy. Thus, a study on fuel subsidy removal and informal workers in peri-urban communities in Nigeria will not only expose salient issues peculiar to them, but also provide means by which they can be tackled.

The impact of the elimination of the gasoline subsidy on unorganized laborers in peri-urban neighborhoods and other rural locations with limited amenities has gone unnoticed. The earnings of unorganized laborers in the peri-urban districts of Kogi State are examined in this study in relation to the withdrawal of the gasoline subsidy. The study context and methodology, Nigerian State: unfolding some literature on subsidies and welfarism (welfare State), political economy perspectives on the informal sector in peri-urban areas, the result of the withdrawal of gasoline subsidies for informal workers in peri-urban communities, and the conclusion comprise the remaining part of this paper.

Methodology and Study Context

Kogi State is the target of this investigation. The State is situated in the North-Central region of Nigeria and is one of the 36 federating units. In 2022, its expected 4.5 million residents will be spread over the state's 21 local government districts. The states of Ekiti and Kwara border Kogi State on the west, the Federal Capital Territory borders it on the north, Nasarawa State borders it on the northeast, Niger State borders it on the northwest, Edo and Ondo states border it on the southwest, Anambra and Enugu states border it on the southeast, and Benue State borders it on the east. It is the only state in Nigeria to border ten other states. Figure 1 shows the map of Kogi State with the LGAs and locations of the study area.

Agriculture is the main driver of Kogi State's economy, despite the state having few industries. Many people in the state rely on the unorganized sector for their livelihood. In Kogi State, as in most Nigerian states, the most common occupations for informal workers were carpentry, small-scale manufacturing, hairdressing, commercial motorcycling and tricycle operation, seasonal farming, tailoring, cassava milling and processing, vegetable vendors, petty traders, and community street hawkers. (Lenshie et al., 2021, citing Ayeni 2020).



Figure 1. Map showing purposively selected location for FGDs in Kogi State. Source: Authors, 2024

The study's data was created between July 29, 2024, and October 16, 2024. The qualitative dominating technique was used in this investigation. The study areas were chosen using the purposive sampling method from the following areas: Okene (Osara and Ukuroko), Okehi (Ihima and Oboroke), Dekina (Anyingba and PAAU), and Idah (Federal Polytechnic and Idah Town) in the Eastern Senatorial District; Kabba-Bunnu (Kabba and Ayede) and Yagba East (Ijowa and Isanlu) in the Western Senatorial District.

The study's participants were selected using convenience sampling. For the sole reason that they are useful information sources, participants were selected for this study. During the sampling process, consideration was given to the respondents' acceptance, availability, accessibility, and dependability in participating in the study. As stated by Etikan, Musa, & Alkassim (2016) and Valerio et al. (2016), cited in Lenshie et al. (2021), “they are crucial for enhancing the reliability and validity of data. Data for the study were gathered through focus group discussions (FGD), key informant interviews (KII) (both in-person and over the phone), and a review of the literature on the removal of gasoline subsidies and its impact on Nigerian cities and peri-urban areas. Twelve KIIs in all, two in each Local Government Area, were conducted for this study with residents, professionals, and community leaders who are well-versed on the effects of the removal of gasoline subsidies on their local populations. The respondents were guided to stay within the parameters of the study by means of the organized approach. The focus group discussion (FGD), also referred to as participatory research, was modeled after a "respondent moderator focus group," in which the researcher uses some participants to lead the

discussion and others to moderate to produce a range of candid and diverse viewpoints (Nyumba et al. 2017). Twelve focus group discussions (FGDs) with five to thirteen participants were held in six LGAs in Kogi State, with two FGDs held in each LGA. Forty-five people took part in the FGD sessions.

Information was also gathered from participants via telephone interviews from participants who could not be reached face to face because of their working conditions (like the tricycle and motorcycle riders) who were unable to conduct an in-person interview. Although the qualitative approach is quick to provide data in challenging circumstances, such as filling station lines, it has bias-related limitations that the quantitative approaches could address." For this study, a mixed-method approach combining qualitative and quantitative research is necessary.

Nigerian State: Reflections on Subsidies and Welfarism (Welfare State)

A welfare state is a society where all citizens are guaranteed a minimum quality of life. According to Hobman, the welfare state is a middle ground between unchecked individualism and communism. It maintains incentives for private activity while providing a minimal standard of subsistence. However, it makes no pretense of achieving economic equality. In the event of need, everyone is guaranteed sufficient assistance and support from the state (Preserve articles, 2016).

There appears to be agreement on what the goals of a welfare state should be, regardless of how they are defined. These are: the common man should be protected against both "natural" and "social contingencies"; the maintenance of a fair standard of living should be guaranteed to everyone without exception; and the negative effects of a free capitalist system are restrained by state regulation to provide the "minimum" basic needs of the common man. The state must make a conscious, purposeful, and organized effort to achieve these goals. In addition to providing social security, the welfare state has an obligation to meet people's necessities, such as food, shelter, and medical attention. It should guarantee that everyone, regardless of color, caste, creed, etc., receives an equal share of wealth and income. In a sense, it is a 'service state.

The phrase "welfare state" describes a certain kind of political structure where the government is heavily involved in safeguarding and advancing the social and economic welfare of its people. distributing wealth and income among individuals regardless of their race, caste, creed, etc. It is a "service state" in a way.

The tenets of equality of opportunity, fair wealth distribution, and public responsibility for those who cannot afford the bare necessities of a decent existence are frequently the foundations of welfare systems. The welfare state is exemplified by federally mandated unemployment insurance programs, Social Security, and welfare payments to unemployed individuals. The majority of contemporary nations implement certain aspects

of what is referred to as the welfare state. However, the phrase is often used negatively to characterize a situation in which the government provides unreasonable incentives for receiving welfare payments, making an unemployed individual receiving them earn more than a struggling worker. It is sometimes said that the welfare state is a "nanny state" where adults are pampered and treated like children.

A welfare state is a system in which the government provides grants, pensions, and other benefits to safeguard the health and well-being of its people, particularly those who are less fortunate. It goes without saying that a state exists primarily to ensure the well-being of its citizens; otherwise, the whole foundation of statehood is rendered incompatible. In fact, a state's policy directions will serve as the conceptual and practical foundation for establishing whether or not it qualifies as a welfare state. Increased and more effective mobilization of domestic resources, enhancing human resource capacity in the areas of education, health, transportation, electricity, and other social infrastructure, aiming for food sufficiency, and fortifying the scientific and technological foundation—which is crucial for converting the country's raw materials, such as agricultural products and minerals, into consumable goods and services—are some examples of such policy directions. Engaging the unemployed in constructive endeavors and offering some cushioning benefits to the vulnerable unemployed are crucial for such a state (https://www.britannica.com/topic/political-economy).

However, the Nigerian government has abandoned welfare in favor of neoliberal economic reforms, which support the elimination of any subsidies the government provides. The government uses subsidies, among other policy tools, to achieve economic, social, and environmental goals at the local level. Any measure that keeps the price that consumers pay for a thing or product below market levels or above market levels for producers is, by definition, a subsidy. Governments around the world have viewed the provision of subsidies as a social duty to the economically disadvantaged, especially those who make less than $2 per day and vulnerable populations, according to the United Nations Environment Programme (UNEP, 2003). Subsidies are found worldwide in several economic areas, such as energy, agriculture, and fisheries. Additionally, according to a 2003 UNEP assessment, global experience shows that the outcomes of eliminating subsidies have been inconsistent. Removing subsidies as a policy was relatively successful and caused little social stress in several countries. In other instances, the exercise was considered unsuccessful. Eliminating subsidies on necessities, however, has been known to cause societal unrest and, in the worst cases, spark civil unrest and street rioting. Given the foregoing context, the Nigerian government's decision to implement the complete elimination of subsidies starting on May 29, 2023, and the ensuing spike in petrol pump prices from N185 to 500 was a major surprise. This increment sparked off a nationwide protest that paralyzed every form of activity for almost two months.

Political Economy Perspectives on Informal Sector in Peri-Urban Areas

With a population of more than 200 million, Nigeria is the most populated nation in Africa. Nigeria has two economies: a traditional agricultural and trading economy and a significant oil-dependent sector (Lenshie et al., 2021). However, as the oil industry today accounts for 95% of foreign exchange earnings and roughly 80% of budgetary revenues, it has become so important to the Nigerian economy that it has become overly dependent. According to the most recent statistics published by the National Bureau of Statistics (NBS), wholesale and retail commerce contribute 16.75 percent of the GDP, while agriculture continues to contribute 41.49 percent. Manufacturing made up 3.91 percent, while natural gas and crude oil made up 14.84 percent. (Lenshie et al., 2021)

Ironically, the oil industry, which still controls Nigeria's foreign exchange reserves and national finances, is actually an enclave economy with less than 100,000 Nigerians directly involved in production. With the effective institutional reform in the sector, the services sector—which is new and dynamic—has become increasingly important in most economies, but especially in Nigeria. Currently, services employ around 20% of the labor force and account for 35.2% of Nigeria's GDP (Lenshie, Ma'aku & Ezeibe, 2021).

Neoliberalism is currently the dominant ideology in the political economy discourse. The free market economy, globalization, privatization, devolution, the removal of state control, the lowering of trade barriers, the elimination of price regulation, and other market-oriented changes are highlighted within the framework of the political-economic system. Neoliberalism suggests that the state shouldn't meddle too much in the market and that economic forces and global capital should take precedence over political forces (Cahill & Konings, 2017). Harvey (2007) asserts that neoliberalism promotes human well-being by enabling people to exercise their entrepreneurial freedoms and abilities, which are reinforced by robust private property rights, free markets, and free trade. According to Hayek (1973), entrepreneurship has the capacity to benefit both the state and individuals.

The dialectical truths of global capitalism have been disenfranchised by neoliberalism. Throughout the 1980s, the World Bank and the International Monetary Fund implemented neoliberal structural adjustment policies throughout Latin America and Africa. Neoliberal reforms have limited the state's regulatory powers in the public sphere and exposed African indigenous companies to foreign competition, claim Ezeibe et al. (2020). Harvey (2007) points out that the reforms have had a negative impact on nations in addition to undermining state sovereignty over political and economic matters. In sub-Saharan Africa, these reforms have led to competition between local and international companies in urban areas. Social and economic spaces became fragmented as a result of these reforms, and people lost their jobs in the formal sector (Harrison 2003). According to Ezeibe et al. (2020) and Briggs and Yeboah (2001), the modifications further

strengthened the informality of commercial relationships as well as the growth and expansion of the informal economy. According to Briggs & Mwamfupe (2000), neoliberal changes caused informal activities to flourish and spread, particularly in Nigeria's peri-urban areas.

In Nigeria, the informal economy has been a lifeline for millions of individuals, families, and communities since neoliberal reforms. The neoliberal policy reforms of the 1980s, which caused the formal economy to shrink, strengthened the informal economy, despite the fact that they were not adequately implemented in the majority of Nigeria (Meagher 1995). Rapid urbanization and the change of rural and urban communities that are connected by particular traits are the outcomes of Nigeria's reforms (Uruthirapathy & Kiggundu 2018; Meagher & Yunusa 1996). Social networks and collective organizing have developed in Nigeria as a result of the formal economy's closing of opportunities (Ezeibe et al. 2017). By providing spaces for the exercise and expression of entrepreneurial skills, the informality of social networks, economic relationships, and collective organizing specifically shaped Nigeria and sub-Saharan Africa's market structure and expanded opportunities for underprivileged individuals (Meagher & Lindell 2013; Meagher 2005).

The removal of fuel subsidies has threatened the peri-urban economy and entrepreneurial freedom that are essential to the existence of informal workers. Nigeria's once-thriving informal economy, which employs the great majority of its people, is at a crossroads as a result of the removal of gasoline subsidies. Along with deprivations, intimidation, rights struggles, and competition for survival, the current government in Nigeria is also burdening social networks and collective organizing in the informal sector by eliminating fuel subsidies and making other harsh decisions (Ajakaiye et al. 2020; Lenshie, 2021). Additionally, the current government's severe actions, such as the reduction of fuel subsidies, are burdening the informal sector's social networks and collective organizing (International Labour Organization 2020). Particularly in relation to informal work, little is known about the dynamics of these expressions in the peri-urban informal sector. The neoliberal framework, which encourages entrepreneurial independence and skills in the context of minimal state intervention in the market system, is ideally suited to address the issue of how informal workers in peri-urban areas have fared during the period of the removal of gasoline subsidies.

The Consequences of Fuel Subsidy Removal for Informal Workers in Peri-Urban Areas

Because petrol prices in Kogi State capital (Lokoja) have always been high and significantly higher than in other parts of the country, such as Southwest Nigeria, the number of informal workers did not decrease in some communities, and the removal of the fuel subsidy had no significant impact on the rural and peri-urban communities of the

State. Evidently, the elimination of fuel subsidies was harsh, especially in areas that shared borders with other federation states. The withdrawal of subsidies was successful in preventing long-distance drivers from constantly using the route, but it also weakened the customary trading relationships between residents of neighboring states, whose livelihoods depend on trade. An informal economy worker in Kabba, a peri-urban neighborhood in the Kabba/Bunu Local Government area, described how the elimination of the gasoline subsidy affected their business operations as follows:

The Nigerian government-enforced fuel subsidy has affected our business. Most of us frequently go to the state's rural communities of Ayetoro, Ikoyi, and Okoro to sell our goods and purchase cheaper goods to resell and make a profit from our sales upon our return to Kabba. Occasionally, we go to the Okene market to sell our goods to people who travel to other parts of the state to do the same. Since the removal of the fuel subsidy, we are unable to sell our products in these locations due to the high cost of transportation; our items are not as easily acquired as they once were, and the value of perishable goods has dropped. We must offer goods at discount pricing in order to stay afloat and sustain our livelihoods until the business environment stabilizes. Even though we are unhappy with the status of our economy right now, we are forced to accept it. (KII with Women Market Leader in Kabba Market, 30 August 2024).

Many Kogi State informal workers have concerns that are reflected in the aforementioned remark. Informal workers in Kogi State had fluctuations in their earnings or sales rate before the elimination of the fuel subsidy. Along with the elimination of the fuel subsidy, “informal workers in Okene and Osara felt that there had been fewer commodity transactions during this period. Many informal workers think that the informal economy is still having difficulties since the elimination of the fuel subsidy and did not flourish during that time. The experiences of the informal laborers during the Nigerian government's elimination of fuel subsidies are summarized in Table 1 based on the FGD responses.

The economic downturn, high commodity prices, lack of money in circulation, and reliance on the formal sector for the informal economy's survival are all problems that informal workers in Kogi State's peri-urban communities face (FGD with Informal Workers in Kabba and Ayetoro Gbede, October 10, 2024). Before the elimination of fuel subsidies, their economic ventures produced significant profits, according to several informal worker interviews conducted around Kogi State. This drastically decreased during the federal government's fuel subsidy elimination program. However, since the government started using CNG tricycles, their economic activity is beginning to progressively rebound (FGD with Workers in Kabba, Ayetoro Gbede, Okoro Gbede, and Iyara, 10 October 2024).” Kogi State's informal sector is growing slowly as a result of the political and economic effects of the removal of the petrol subsidy on the Nigerian economy.

Table 1. FGD responses regarding informal workers' experiences before, during, and after removal of fuel subsidy in Kogi State

Category	Remark (R)	Frequency of (R)
Experiences of informal economy During and after fuel subsidy removal	Fuel subsidy removal made our ability to transport of our products from the point of sale challenging	95
	Removal of the fuel subsidy depleted our profits with little return on other investments.	90
	Our family's financial support from our business endeavors was weakened when the government eliminated the fuel subsidy	85
	sales and patronage of our goods and services were affected due to fuel subsidy	91
	The majority of us no longer have the financial resources to resume our previous level of economic activities.	92

Source: Fieldwork by the Authors, 2024

90	support has not been received from the government or any commercial institution	
84	Fuel subsidies have caused a sharp decline in the amount of money made from the unorganized sector	

The aforementioned paper claims that the once-thriving informal sector in Kogi State's peri-urban communities is suffering as a result of the removal of subsidies. “Field observations show that the informal economy is expanding more slowly in peri-urban areas than in the state capital, Lokoja. This is due to the high percentage of middle-class inhabitants in the peri-urban areas surrounding the state capital. The difficulties faced by unorganized workers in the unorganized sector, especially during the fuel subsidy removal required by the federal government to give them palliatives under the social assistance program in order to help them restart their business. Among the palliatives are loans with no interest. (NELFUND) for the children of the middle class, distribution of food items like rice, as well as additional palliatives. However, it is challenging to acquire these palliatives offered by the Nigerian federal government because most informal workers reside in peri-urban areas.

According to a government official in Kogi State, the state government has implemented social protection initiatives that are comparable to those offered by the Nigerian federal government. The goal of the social protection programs is to empower the state's unorganized labor force. According to the officials, Kogi State's programs have helped a large number of informal workers (KII with an official in the Ministry of Women Affairs and Child Development, Lokoja, 12 October 2024). However, FGDs with Informal Workers in Ikoyi, Okoro Gbede, Odokoro Gbede, Ayetoro Gbede, Kabba, Okene, Obehira, and Ihima, 15 October to 18 October 2024, revealed that informal workers in peri-urban villages who took part in the FGDs in the designated peri-urban communities in Kogi State claimed that they had not benefited from any social protection programs provided by government officials during and after the government eliminated the gasoline subsidy. According to a field survey, very few informal laborers have signed up for the federal government's food vendor program, especially those who reside in peri-urban areas. According to these unofficial workers, the recruitment and enrollment

procedures for the rice palliative program are cloaked in secrecy and depend on a person's relationship with influential government figures or those in charge of Kogi State's rice enrollment.

The United Nations (2020) asserts that the marginalized population working in the informal sector, which is severely damaging the economies of developing countries like Nigeria, will be the group most affected by neoliberal policies like the removal of subsidies. It was found that in the first month following the removal of the subsidies, the income of informal laborers decreased by 60%. The theory that the elimination of gasoline subsidies by the Nigerian government would have a larger negative effect on the earnings of informal workers in rural and peri-urban areas is supported by the estimated 81% pay decrease in Nigeria's informal economy.

For Nigeria's informal workers, the removal of the gasoline subsidy had a ripple effect on government income streams. The group most affected by the removal of fuel subsidies, according to a Kogi State tax officer, is those between the ages of 18 and 50. The bulk of Kogi State's informal labor force, which boosts the state's GDP, is composed of these. The bulk of this population thus employs containment strategies, such as limiting unnecessary travel within and between states, which impedes the flow of money and funds into the economy and diminishes Kogi State's sources of income. (Key Indent Interview, October 15, 2024, with a Ministry of Commerce, Trade, and Industry official in Lokoja). Table 2 shows the impact of Nigerian government decisions as a result of fuel subsidy removal on the informal economy in the state.

The cumulative effects of gasoline subsidy reduction in Kogi State, as elsewhere, have resulted in a crisis that has disproportionately affected informal workers, who make up the vast majority of Nigeria's socioeconomic hierarchy." The government's removal of petrol subsidies is to blame for Nigerians' awful living conditions, as they rely heavily on the informal sector for survival.

Table 2. FGD responses on the impacts of fuel subsidy removal on informal workers in Kogi State

Category Frequency of (R)	Remarks (R)
Impact of Nigerian government	Fuel subsidy removal by the Nigerian
Decision as a result of fuel subsidy	affected vulnerable households of informal
Removal on the informal economy	without alternative survival

in the state

The Nigerian government's decision to abolish petrol subsidies led to increasing unemployment and the displacement of many workers from both formal and informal sectors. 91

The withdrawal of fuel subsidies has led to an increase in illegal activities among youth. 82

the flow of capital and finance in the economy have

been restricted as a result of government decision to

remove subsidy

84

Fuel subsidy withdrawal has harmed entrepreneurial skills and innovation in self-sufficient economies. 80

inter-state and intra-state travel have reduced due to

high cost of fuel

95

The scale of profits earned by the informal

economy has dropped drastically due to fuel subsidy

Removal

92

The removal of government subsidies has

exacerbated	commodity price increases.	90

Source: Field work by the Authors, 2024

The elimination of fuel subsidies has, regrettably, caused disruptions to the informal economy, systematic marginalization of informal workers, and disruption of their sources of income in Kogi State's peri-urban communities (Key Indent Interview with Community Leader in Ayetoro-Gbede, 17 October 2024). The importance of informal laborers in the global economic change is significant. Medium-sized and small businesses in the informal economy, which employ over 30% of the global labor force, are run by informal workers (World Economic Forum 2018). According to the World Economic Forum (2018), informal sector activities have helped reduce severe suffering in Africa, especially Nigeria, by 30% in the past ten years. In Africa, informal workers are powerful and possess unrealized economic potential. Raines (2018) notes that informal workers power the informal economy, especially small enterprises and the agricultural sector, which accounts for 90% of jobs on the continent. Babatunde (2020) explains that informal laborers comprise between 60 and 80 percent of Nigeria's agricultural workforce and provide 90 percent of the family's food supply, illustrating their role in the country's economy. The involvement of unorganized workers in the peri-urban community market is depicted in Figure 2.



Figure 2. Pictorial cross-sections of informal workers in Kabba Market, Kogi State. Source: Fieldwork by authors, 2024.

Therefore, even though they are mostly uneducated or undereducated, lack sufficient money and funding, and control the informal sector, informal workers in the majority of

Nigeria's peri-urban and rural regions provide sustainable lives. Under what Akyeampong and Fofack (2012) called "the contours of the colonial production system" in Nigeria and, in reality, in Kogi State, “the conventional social structure of the postwar Nigerian state encourages the marginalization of informal workers.

In the Kabba/Bunu Local Government Area, informal laborers in the peri-urban areas of Kabba and Gbeleko were encouraged to trade and provide services, with the proviso that food and associated items could be traded because they are vital commodities, albeit not extensively. In addition to having a detrimental impact on their economic activities, informal workers said that the removal of gasoline subsidies forced them to waste resources in order to sustain their families. (FGDs with Informal Workers in Kabba and Gbeleko, 13 October 2024).

The withdrawal of fuel subsidies has had a far-reaching impact in various peri-urban communities around the state. Informal workers in Okene lamented the effect of the removal of petrol subsidy on their livelihoods. They argue that as a result of the fuel subsidy removal, travelling to buy and sell goods in other communities’ markets was a setback; tricycle and motorcycle riders also complained of passengers not willing to take either keke or bike, and this has affected their attempts to help their families and communities (focus group discussion with informal workers in Okene, October 17, 2024). The bulk of informal laborers in these areas work in wholesale and retail, tricycle and bike riding, and small and medium-sized companies in the Okene Local Government Area.

Against the above, the study discovers that the removal of fuel subsidy has serious and negative impacts on the economies of the peri-urban communities in Nigeria and Kogi State. The study suggests that Nigeria as a country is not ripe to adopt neoliberal economic reforms because of its large chunks of informal workers and agrarian populations located in the peri-urban and rural communities, including Kogi State. Although the nationwide protests and complaints have not received much attention, the state and local governments have been neglecting their responsibilities, especially the effects on informal employees in peri-urban areas of the government's egregious decision to remove the fuel subsidy without consulting anyone. According to the findings, the removal of fuel subsidies has had a significant negative impact on the earnings of informal workers in peri-urban areas.” As a result, state and local governments must respond by establishing social protection services.

Conclusion

This study looked at how the elimination of fuel subsidies affected informal workers in Kogi State's peri-urban villages. It was designed to investigate informal workers' impressions of the effects of gasoline subsidy reduction on their survival and livelihood.

As a result, “it highlights how the government's elimination of the fuel subsidy during this difficult time severely weakened the ability of a marginalized group of informal workers to support and provide for their families in Kogi State's semi-towns/communities. According to the study, the elimination of fuel subsidies and the resulting impact reduced regular purchasing power of Kogi State peri-urban consumers in addition to undermining the impact of informal laborers on their families and communities. Although the removal of fuel subsidies was devastating because informal economic activities in these communities are heavily reliant on the formal sector, not patronizing informal workers such as traders, tricycle and bike riders, and so on in Kogi State also contributed to the difficulties faced by informal workers in peri-urban areas.

Despite the introduction of compressed natural gas (CNG) as a substitute for petrol, informal workers in peri-urban areas are struggling to restart their enterprises. The Nigerian State's inability to implement any social protection policies or programs to assist vulnerable groups in the informal economy in overcoming the difficulties brought on by the elimination of fuel subsidies is the cause of this predicament. The study concludes that lowering the price of gasoline or restoring the subsidy regime, as well as giving informal workers in semi-towns/communities access to financial capital, material palliatives, and/or reasonably priced social protection facilities, are all essential to their economic empowerment and family support.” They may also help Kogi State's economy grow quickly and boost Nigeria's GDP.

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