

SOCIO-ECONOMIC SHOCKS AND THE INFORMAL SECTOR: A POLITICAL ECONOMY ANALYSIS OF PETROL SUBSIDY REMOVAL IN KOGI STATE, NIGERIA.

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Abstract

On May 29, 2023 President Bola Ahmed Tinubu made the pronouncement of fuel subsidy removal, this marked a significant shift in Nigeria's neoliberal trajectory. This policy shift has fundamentally restricted the entrepreneurial and economic freedoms previously buoyed by a welfarist market structure. Crucially, it has strained the social networks and collective organizations that traditionally protect individual informal workers such as petty traders, artisans, and commercial transport operators within peri-urban communities. This study argues that the withdrawal of fuel subsidies, and the subsequent economic hardships, has disproportionately devastated the informal economy in these areas, primarily due to the conspicuous absence of robust social protection programmes for vulnerable populations. The research utilizes a qualitative dominant approach, focusing on Kogi State, where data was generated through Key Informant Interviews (KII) and Focus Group Discussions (FGD) across three senatorial districts. Findings indicate that the policy has significantly reduced the personal income of informal workers and hampered government revenue at the local level. Furthermore, the study highlights a "slow growth rate" in peri-urban zones compared to urban centers, as palliatives often fail to reach these peripheral communities. The study concludes that sustainable economic development in the Fourth Republic requires a policy recalibration, including the provision of financial capital, material palliatives, and accessible social protection facilities specifically tailored for peri-urban informal workers. Addressing these gaps is vital to fulfilling the social contract and mitigating the civil unrest associated with subsidy removal.

Keywords: Fuel Subsidy, Informal Workers, Peri-Urban Economy, Social Protection, Nigeria.

Introduction

The federal government of Nigeria through the President of Nigeria (Bola Tinubu) made Nigerians to believe that subsidy on petrol was fully removed on 29th May 2023, by June 2023, the effect has spread across the country. The Nigerian government believes that subsidies is 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 (UNEP, 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 a number of 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.

According to Amosun, Babalola & Eketunde (2012) who explains 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 a 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.

In the view of 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 have 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.

Thus, the informal economy in these communities consists mainly of small businesses characterized by lack of incorporation, registration, structured contracts and/or social security (Castells & Portes 1989; Lindell 2010; Brown & Mackie 2018). The informality of economic relations in Nigerian communities is not affected by the fear of modernity among people but by the conditions of their livelihoods engendered by successive neoliberal reforms in the country (Bayat 2000, 2007; Lindell 2010). Following the removal of petrol subsidy, the condition of informal workers in Nigeria has become more complicated as it weakened governments' capacity to respect the social contract. The removal of petrol subsidy and the measures adopted to mitigate it have worsened the livelihood of informal workers in Nigeria, where more than 50 per cent of population in the peri-urban communities have lost the means of their livelihood (Twibanire 2020; Fox & Signé 2020; Ezeibe et al. 2020).

The economic, social and political impact of fuel subsidy removal and its containment measures in Nigeria with huge population density are severe (Ezeibe et al. 2020; Onyishi et al. 2020). For instance, Nigeria living in the peri-urban communities and cities are experiencing serious economic hardship as a result of fuel subsidy removal and the decline in global oil price engendered by the drop in the demand of Nigerian crude oil. Again, Nigeria's Real Gross Domestic Product (GDP) dropped in the Third Quarter (Q3) of 2024 by -3.62 per cent (Aljazeera 2020). The economic downturns following the pandemic also forced the Nigerian government to peg the benchmark of oil price at US\$ 57 per barrel and oil production at 2.18 million barrels per day (mbpd) in its 2024 budget but later adjusted to \$30 per barrel and 1.7 mbpd (PwC Network, Nigeria 2019). The National Bureau of Statistics (2020) announced that the unemployment rate in Nigeria was 27 per cent in the second quarter of 2020 and projected it to hit 30 per cent in the subsequent quarters as a result of the compounding impacts of the removal of fuel subsidy.

Although studies have looked at the impact of the removal of fuel subsidy on livelihoods in urban areas or cities with more developed health infrastructure (Onyishi et al. 2020; Ezeibe et al. 2014), the activities of informal women workers in peri-urban economies have not received enough academic attention in the subsidy removal era. The informality of economic activities undertaken by informal workers in the peri-urban areas in Nigeria has been studied (Ibezim-Ohaeri & Okon 2020). It has been overlooked how the removal of petrol subsidy has affected unorganized workers in peri-urban communities or other rural areas with few facilities. This study examines how the removal of petrol subsidy has affected the earnings of unorganized laborers in Kogi State's peri-urban areas. The study context and methodology, Nigerian State: unfolding some literatures on subsidies and welfarism (welfare State), political economy perspectives on informal sector in peri-urban areas, the consequences of fuel subsidy

removal for informal workers in peri-urban communities and the conclusion comprise the remaining sections of this paper.

Theoretical Framework

The theory adopted for this study is Neoliberalism, while political economy provides the broad context of state-market interactions, neoliberalism is the specific theoretical perspective that explains the rationale and mechanisms behind petrol subsidy removal in Nigeria. The study is underpinned by the Neoliberalism and the Politics of Deregulation, contextualized within a broader political economy framework. Neoliberalism, as an economic and political ideology, advocates for the primacy of market mechanisms, the deregulation of prices, and the systematic withdrawal of the state from providing welfare or "welfarist" market structures. According to Harvey (2007), neoliberalism posits that human well-being is best advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights and free markets.

The petrol subsidy removal under a neoliberal framework, subsidies are viewed as market distortions that hinder efficiency and encourage corruption. Neoliberalism operationalizes subsidy removal as a market-oriented reform designed to eliminate price controls and allow global market forces to dictate local costs. While the informal sector in neoliberal thought is often romanticized as a space of entrepreneurial freedom where individuals operate outside state over-regulation. On the socio-economic shocks, neoliberalism operationalizes these "shocks" as the necessary, albeit painful, adjustment period following the withdrawal of state welfarism. The study argues that these shocks disproportionately devastate vulnerable populations because they occur in the absence of the robust social protection programs that typically accompany successful market transitions (Mkandawire, 2004).

.For this study, the point of emphasis from political economy perspective is arguing that for the Nigerian peri-urban worker, the informal sector is a survivalist refuge created by the shrinking of the formal economy during successive neoliberal reforms. Thus, this study analyzes the removal not just as an economic adjustment but as a shock resulting from the state's neoliberal trajectory (Titmuss, 1974).

In relating this theory to the Nigerian context, it is crystal clear that the Nigerian state has increasingly jettisoned welfarism in favor of neoliberal reforms since the Structural Adjustment Programs (SAP) of the 1980s. The May 2023 subsidy removal represents the latest phase of this trajectory, where political forces are made subservient to economic forces and global capital. By analyzing the dialectical truths of this shift, the theory explains how the state's withdrawal of price support strains the social networks

and collective organizations that informal workers rely on for survival (United Nations Environment Programme, 2003).

Methodology

The study’s qualitative approach is justified through its focus on the lived experiences and social networks of informal workers, which quantitative data often fails to capture. The focus of this study is Kogi State. The State is one of the 36 federating unit in Nigeria and it is located in the North-Central region. It has a population of 4.5 million distributed across the 21 Local Government Areas of the State (National Bureau of Statistics 2022). Kogi State is bordered to the west by the states of Ekiti and Kwara, to the north by the Federal Capital Territory, to the northeast by Nasarawa State, to the northwest by Niger State, to the southwest by the Edo and Ondo states, to the southeast by the states of Anambra and Enugu, and to the east by Benue State. It is the only state in Nigeria to border ten other states (Lenshie et al. 2020). Figure 1 shows the map of Kogi State with the LGAs and locations of the study area.

Despite having few industry, Kogi State's economy is primarily based on agriculture. A sizable portion of the state's population is dependent on the unorganized sector. In Kogi State, as in most of Nigeria, the majority of informal workers worked in 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 (Ayeni 2020).



Figure 1. Map showing purposively selected location for FGDs in Kogi State.

Source: Authors, 2026

The data used for this study were generated between 22 September 2025 and 15 November 2025. This study adopted the qualitative dominant approach. The purposive sampling method was used to select the study areas from Kabba-Bunnu (Kabba and Ayede) and Yagba (Ijowa and Isanlu) in the Western Senatorial District; Okene (ogaminana and Osara) Okehi (Ihima and Oboroke) in the Central Senatorial District; and Dekina (Anyingba and PAAU) in the Eastern Senatorial District.

Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs) were chosen to explore the complex social networks and collective organizations that protect informal workers. KIIs provide expert insights from community leaders and tax officers, while FGDs capture the collective varied and honest opinions of the workers themselves, reflecting the dialectical truths of their daily survival. Kogi State was selected because it is a microcosm of Nigeria. It is the only state bordering ten other states, making it a critical hub for the commercial transport operators and inter-state traders most affected by fuel costs. Its diverse informal sector ranging from seasonal farming to commercial motorcycling provides a rich data set for analyzing socio-economic shocks. While findings are rooted in Kogi, they provide a "valid basis" for national analysis because the subsidy removal is a federal policy with uniform price effects across all states. Kogi's peri-urban communities represent the peripheral zones across Nigeria where palliatives often fail to reach, making the findings indicative of the challenges faced by millions of Nigerians in similar socio-economic tiers. The study acknowledges that findings may not reflect the specific urban dynamics of mega-cities like Lagos or the unique security-related economic constraints of the Northeast. Future research should consider a mixed-method approach to combine these qualitative insights with large-scale statistical data.

Thus, convenience sampling was the method used to choose the study's participants. Participants were chosen for this study merely because they are practical sources of information. The availability, accessibility, reliability, and acceptability of respondents to take part in the study were all taken into account during the sampling process. According to Valerio et al. (2016) and Etikan, Musa, & Alkassim (2016), which were quoted in Lenshie et al. (2021), they are essential for improving the validity and dependability of data.

The research utilized telephone interview also in generating information from participants who can be discussed with face to face because of their working conditions (like the tricycle and motorcycle riders) who could not grant face-to-face interview. Despite the swiftness of the qualitative method to generate data in difficult conditions such as during queues in the filling stations, it has bias-related limitation which could be overcome by the quantitative methods. The need for further study is to consider a qualitative and quantitative mixed method approach for this study.

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

Responsibility for the individual and social well-being of its citizens (Esping-Andersen, 1990). Scholars define the welfare state as a strategic compromise between unbridled market individualism and state-controlled collectivism (Titmuss, 1974). It aims to guarantee a minimum standard of subsistence and social security without necessarily eliminating private enterprise or establishing total economic equality (Mkandawire, 2004). The core objectives of a welfare state generally include: checking the adverse effects of free capitalism through state regulation to provide basic human needs (Marshall, 1950). Protecting citizens against natural and "social contingencies" such as illness, unemployment, and old age (Wilensky, 1975). Ensuring a fair standard of living for all citizens irrespective of their social status (Esping-Andersen, 1990).

To realize these objectives, the state must engage in conscious, deliberate, and planned efforts to provide social security, health care, and food subsidies. In African developmental contexts, the "service state" model is rooted in principles of public responsibility for those unable to access the minimal provisions of a good life (Mkandawire, 2004). This includes domestic resource mobilization and the improvement of human resources in education and transportation.

However, the Nigerian state has shifted away from this welfarist ideal toward neoliberal economic reforms that mandate the removal of government subsidies. A subsidy, defined as any measure that keeps prices for consumers below market levels or above market levels for producers, is historically seen as a "social obligation" to the economically disadvantaged. While the United Nations Environment Programme (UNEP, 2003) notes that global outcomes of subsidy removal are mixed, the abrupt elimination of subsidies on essential commodities like fuel often precipitates social dislocation and civil unrest.

The term "welfare state" refers to a type of political system, in which a government plays a key role in the protection and promotion of the economic and social well-being of its citizens. The provision of wealth and income among people irrespective of race, caste, creed etc. In a sense, it is a 'service state wealth and income among people irrespective of race, caste, creed etc. In a sense, it is a 'service state (Mkandawire, 2004).

A welfare is often rooted in the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those unable to avail themselves of the minimal provisions of a good life. Social Security, federally mandated unemployment insurance programs, and welfare payments to people unable to work are all examples of the welfare state. Most modern countries practice some elements of what is considered the welfare state. That said, the term is frequently used in a derogatory sense to describe a

state of affairs where the government creates incentives to access welfare benefits that are beyond reason, resulting in an unemployed person on welfare payments earning more than a struggling worker. The welfare state is sometimes criticized as being a "nanny state" in which adults are coddled and treated like children (UNEP, 2003).

A welfare state is a system whereby the state undertakes to protect the health and well-being of its citizens, especially those in need, by means of grants, pensions, and other benefits. It is axiomatic that a state exists, essentially, for the welfare of its people, failing which, the whole essence of statehood becomes an anathema. Indeed, conceptually and operationally, the policy directions of a state will provide the broad guidelines for determining whether it should be classified as a welfare state. Such policy directions include greater and more efficient domestic resource mobilization; improving human resources capacity in education, health, education, transportation, electricity and other social infrastructure areas; striving for food sufficiency; strengthening the scientific and technological base which is essential for transforming national raw materials in the form of agricultural products and minerals into consumable goods and services. It is of fundamental importance for such a state to engage the unemployed in productive ventures and to provide some cushioning benefits for the vulnerably unemployed ((UNEP, 2003 in Mkandawire, 2004)

On the other hand, the Nigerian state has jettisoned welfarism for neoliberal economic reforms which uphold the removal of whatever subsidy the government is subsidizing. What is subsidy? Subsidy is one of many policy instruments used by government to attain grass root economic, social and environmental objectives. Subsidy by way of definition is any measure that keeps the price consumers pay for a good or product below market levels or above market levels for producers. The provision of subsidy has been regarded by Government of countries across the globe as a social obligation to the economically disadvantaged citizen (particularly people who live below \$2 a day and vulnerable groups) United Nations Environment Programme (UNEP, 2003). Globally, subsidies exist in several economic sectors, including agriculture, fisheries and energy. Furthermore, UNEP (2003) reported that international experience indicates that the results of subsidy removal have been mixed. In some countries subsidy removal as a program enjoyed relative success with limited social stress. In other cases, the exercise was deemed a failure. However, elimination of subsidies on essential commodities has been known to precipitate social dislocation and in the extreme, led to street riots and civil strife. Consequent on the above background, it therefore came as a huge surprise when the newly elected President (Bola Ahmed Tinubu) on inauguration day, 29, May 2023 announced the removal of subsidy on fuel and the consequent increase of fuel pump price from N185 to 500. This increment sparked off a nationwide protest that paralyzed every form of activity for almost two months. Fuel subsidy removal and increase in pump price is not a new phenomenon in Nigeria.

The Political Economy Perspectives on Informal Sector in Peri-Urban Areas

The relationship between the state and the economy is emphasized by the political economy framework (Carmody & Owusu, 2016; Ezeibe, 2016). Within this context, neoliberalism implies that political forces are subservient to economic forces and global capital, suggesting that the state should minimize interference in market mechanisms (Cahill & Konings, 2017). However, Harvey (2007) asserts that neoliberalism is only successful when it reinforces private property rights and entrepreneurial freedoms. In Nigeria, the removal of the petrol subsidy has instead created a "dialectical truth" of global capitalism that disenfranchises the local worker. As Briggs and Mwamfupe (2000) noted, while neoliberal changes can cause informal activities to spread, they often lead to a fragmentation of social and economic spaces.

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).

This paper explains the dynamics of informal workers in the peri-urban economy using the political-economic context. The relationship between the state and the economy is emphasized by the political economy framework (Carmody & Owusu 2016; Ezeibe 2016; Weingast & Wittman 2006). According to the framework, the economy dictates the trends, channels, and orientations of the state's decisions and actions, while the state influences the economy through its decision-making processes and activities (Ugwueze, Ezeibe, & Onuoha 2020; Lenshie, 2021).

The most prevalent ideology in the political economy discourse at the moment is neoliberalism. The free market economy, globalization, privatization, devolution, the elimination of price control, the lowering of trade barriers, and the removal of state

control are among the market-oriented reforms that are highlighted within the framework of the political-economic system. According to Cahill & Konings (2017), neoliberalism implies that political forces are subservient to economic forces and global capital, and that the state should not interfere too much in the economy. 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 (Meagher 2011; Ezeibe et al. 2017; Ugwueze, Ezeibe, & Onuoha 2020). Social and economic spaces became fragmented as a result of these reforms, and people lost their jobs in the formal sector (Harrison 2003). The informality of economic interactions and the creation and growth of the informal economy were further strengthened by the reforms (Ezeibe et al. 2020; Briggs & Yeboah 2001). According to Briggs & Mwamfupe (2000), neoliberal changes caused informal activities to flourish and spread, particularly in Nigeria's peri-urban areas.

After neoliberal reforms, the informal economy in Nigeria has expanded to become a substitute means of subsistence and survival for millions of individuals, families, and communities. 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). Communities in rural and urban areas that are connected by certain features have rapidly become urbanized and transformed as a result 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 the market structure and increased opportunities for marginalized people in Nigeria and sub-Saharan Africa (Meagher & Lindell 2013; Meagher 2005).

The peri-urban economy and entrepreneurial freedom necessary for the survival of informal workers have been jeopardized by the elimination of fuel subsidies. The

elimination of gasoline subsidies has put Nigeria's once-thriving informal economy, which employs the vast majority of its workforce, at a crossroads. In Nigeria, the removal of fuel subsidies and other harsh decisions by the current government are burdening social networks and collective organizing in the informal sector, in addition to deprivations, intimidation, fights for rights, and competition for survival (Ajakaiye et al. 2020; Lenshie, 2021). But also fuel subsidy removal and other harsh decision by the present government are weighing down the strings of social networks and collective organizing in the informal sector (International Labour Organization 2020). In the peri urban informal economy, the dynamics of these manifestations are poorly understood, especially when it comes to informal labor. The neoliberal framework, which encourages entrepreneurial independence and skills in the setting of minimum state interference in the market system, is strongly positioned to address the topic of how informal laborers in peri-urban areas have fared throughout the period of the elimination of gasoline subsidies.

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

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 State's peri-urban and rural populations. 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 Kabba/Bunu Local Government neighborhood, 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 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 prior to 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 commodities 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.

Economic recession, high commodity prices, lack of money in circulation, and reliance on the formal sector for the informal economy to flourish reflect the problems of informal workers in peri-urban communities in Kogi State (FGD with Informal Workers in Kabba and Ayetoro Gbede 10 October 2024). Several interviews with informal workers across Kogi State revealed that before the fuel subsidy removal, earnings from their economic activities were significant. Under the fuel subsidy removal regime of the federal government, this decreased dramatically. However, they are beginning to experience a gradual comeback in their economic activities after the government the use of CNG tricycles (FGD with Workers in Kabba, Ayetoro Gbede, Okoro Gbede and Iyara, 10 October 2024). The slow growth rate of the informal economy in Kogi State is a fall-out of the political and economic impact of removal of petrol subsidy on Nigerian economy.

Table 1. FGD responses on the experiences of informal workers 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 access to transportation of our goods from the point of purchase difficult	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 was affected due to fuel subsidy	91
	Majority of us no longer have the financial resources to resume our previous level of economic activities.	92
	support have not been received from the government or any commercial institution	90

Source: Field work by the Authors, 2025

The above analysis indicates that the once-booming informal economy in the peri-urban communities of Kogi State is at the receiving as a result of the subsidy removal. Field observation reveals that the informal economy in peri-urban areas is experiencing a slow growth rate compared to Lokoja, the State capital city. This is because there is a high concentration of the middle-class population in peri-urban communities with proximity to urban areas in the state capital. The challenges informal workers face in the informal economy, particularly following the federal government's removal of the fuel subsidy, necessitated the social protection programme to provide them with palliatives so they can revive their businesses. Some of the palliatives include interest-free loans (NELFUND) for the children of the middle class and the distribution of food items like rice and other related items. However, because the majority of informal workers are in peri-urban areas, accessing such palliatives provided by the federal government of Nigeria is difficult.

In Kogi State, a government representative stated that the state government has rolled out social protection programmes similar to the ones provided by the federal government of Nigeria. The social protection programmes are targeted at empowering informal workers in the state. The officials claimed that many of the informal workers have benefited from the programmes in Kogi State (KII with an Official in the Ministry of Women Affairs and Child Development, Lokoja, 12 October 2025). However, informal workers in peri-urban communities who participated in the FGDs in the selected peri-urban communities in Kogi State claim that they have not benefitted from any social protection programmes claimed by the government official during and after the government removed subsidy from petrol (FGD with Informal Workers in Ikoyi, Okoro Gbede, Odokoro Gbede, Ayetoro Gbede, Kabba, Okene, Obehira and Ihima, 15 October to 18 October 2025). Field study reveals that only a handful of the informal workers, especially those residents in the peri-urban areas have enrolled for the federal government's food vendor programme. These informal workers claim the process of enrolment or recruitment for rice palliative programme is shrouded in secrecy, and based on one's connection to certain powerful individuals in government or linked with the people responsible for rice enrolment in Kogi State (FGD with informal workers in Kabba, 19 October 2025).

According to the United Nations (2020), neoliberal policies like the elimination of subsidies would have the greatest impact on the marginalized population employed in the

informal sector, which is wreaking havoc on the economies of emerging nations like Nigeria. It was discovered that the income of informal laborers fell by 60% in the first month after the subsidies were removed. The estimated 81% wage decline in Nigeria's informal economy supports the hypothesis that the removal of fuel subsidies by the Nigerian government would have a more detrimental impact on the earnings of informal workers in rural and peri-urban areas.

The elimination of the petrol subsidy had a cascading impact on government revenue streams for Nigeria's informal workers. According to a Kogi State tax officer, people between the ages of 18 and 50 are the group most impacted by the elimination of fuel subsidies. These make up the majority of Kogi State's informal labor force, which contributes to the state's GDP. As a result, the majority of this population uses containment measures, including restricting needless movement within and between states, which hinders the flow of capital and funds into the economy and reduces Kogi State's revenue sources. (KII with an Official of Ministry of Commerce, Trade and Industry in Lokoja, 15 October 2025). Table 2 shows the impact of Nigerian government decision as a result of fuel subsidy removal on the informal economy in the state.

The cumulative impacts of fuel subsidy removal in Kogi State, as it was elsewhere, has generated crisis hitting hard on the informal workers, who constitute the majority of the people at the bottom of the socio-economic hierarchy in Nigeria. Removal of petrol subsidy by the government is responsible for the deplorable living conditions of Nigerians, who largely depend on the informal sector to survive.

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

Category	Remarks (R)	Frequency of (R)
Impact of Nigerian government Decision as a result of fuel subsidy Removal on the informal economy in the state	Fuel subsidy removal by the Nigerian government affected vulnerable households of informal workers without alternative survival	
	Nigerian government decision to remove subsidy from petrol, increased the rate of unemployment and forced many out of formal and informal economy employment	91
	many youth resort to underground businesses and other related criminal activities as a result of fuel subsidy removal	84
	the flow of capital and finance in the economy have been restricted as a result of government decision to remove subsidy	84
	entrepreneurial skill and innovation for self-dependent and self-propelling economies have been undermined due to fuel subsidy removal	80
	inter-state and intra-state travel have reduced due to	

high cost of fuel	95
the scale of revenues generated from the informal economy has dropped drastically due to fuel subsidy Removal	92
hikes in commodity price have been intensified by government decision to remove subsidy.	90

Source: Field work by the Authors, 2025

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 (KII interview with Community Leader in Ayetoro-Gbede, 17 October 2025). The importance of informal laborers in the global economic change is significant. Micro, small, and medium-sized businesses (MSMEs) 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 poverty in Latin America and the Caribbean 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 enterprise 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 informal laborers in the peri-urban community market is depicted in Figure 2.



Figure 2. Pictorial cross-sections of informal workers in Kogi State. Source: Fieldwork by authors, 2025.

Thus, informal workers in most peri-urban and rural communities in Nigeria are drivers of sustainable livelihoods, though they are largely uneducated/ undereducated, lacking sufficient capital and finance and dominating the informal economy. The conventional social structure of the Nigerian post-colonial state reinforces the marginalization of informal workers under what Akyeampong and Fofack (2012) referred to as "the contours of the colonial production system" in Nigeria and in fact in Kogi State.

In the peri-urban areas of Kabba and Gbeleko in the Kabba/Bunu Local Government Area, informal workers were encouraged to engage in trade and services, taking into account that, while not on a large scale, food and allied items were permitted to be exchanged because they are considered important commodities. In addition to negatively impacting their economic activity, the informal workers reported that the withdrawal of fuel subsidies has caused them to waste their resources in order to support their families. (FGDs with Informal Workers in Kabba and Gbeleko, 13 October 2025).

In other peri-urban areas in the State, the effects of the removal of fuel subsidy have also been far-reaching. Informal workers in Okene lamented the effect of 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 market was a setback, the tricycle and motorcycle riders also complained of passengers not willing to take either keke or bike and this has affect their efforts to support their families and communities. (FGD with Informal Workers in Okene, 17 October 2025). The majority of informal workers in these localities run wholesale and retail, tricycle and bike riding, small and medium-sized businesses in the Okene Local Government Area.

Against the above, the study affirms the findings and predictions by Lenshie, Mark and Ezeibe (2021), Yu (2020), Morsy, Balma, and Mukasa (2020), and Obiakor (2020) among other scholars on the impacts of fuel subsidy in Nigerian peri-urban communities, African and Kogi State economies. The studies suggest that Nigeria as a country is not ripe to adopt neoliberal economic reforms, because of its large chunks of informal workers and agrarian population 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 workers 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 livelihoods of informal workers in peri-urban communities. As a result, state and local governments must respond by providing social protection facilities.

Conclusion

The research examined the effects of fuel subsidy removal on informal workers in peri-urban communities in Kogi State. It was poised to understand the perceptions of informal workers about the effects of the fuel subsidy removal 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 peri-urban 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 role of informal workers in their families and communities. Although the fuel subsidy removal was devastating because informal economic activities in these communities are largely dependent on the formal sector, however, not patronizing the informal workers like the traders, tricycle and bike riders etc., in Kogi State also contributed to the challenges faced by informal workers in peri-urban communities.

Despite the introduction of compressed natural gas (CNG) as a substitute to petrol, informal workers in peri-urban areas are struggling to revive their businesses. 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 peri-urban areas access to financial capital, material palliatives, and/or reasonably priced social protection facilities, are all essential for their economic empowerment and family livelihood. They may also help Kogi State's economy grow quickly and boost Nigeria's GDP.

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