

A SURVEY OF THE EFFECT OF FUEL SUBSIDY REMOVAL ON HEALTH SECURITY IN NIGERIA

Authors

Tyover Samuel IORKOSU, PhD

Emeka Valentine ONYEBULEM, PhD

Moses Kije Moses: MSc, Department of Sociology, Federal University of Lafia

LohodedooJothanNOMNOR: Intercontinental College of Technology, Makurdi

Abstract

The sudden removal of fuel subsidies in Nigeria by Tinubu led the administration to punch hard into the lives of the citizen, especially in the area of health security. The high cost of fuel has resulted in a lack of financial, time and geographical accessibility to health facilities. There is a public outcry among the citizens concerning fuel subsidy removal. Scholars have been more emphatic on the socio-economic effect of fuel subsidy removal on the citizenry thereby neglecting health security. It is against this background that the study was therefore set up to look at a survey of the effect of fuel subsidies on health security in Nigeria. The study was a survey as such the instrument of data collection was a structured questionnaire. The structured questionnaire was sent online to the respondents using the snowball sampling technique. Using this method of data collection, about 1153 respondents across the country provided their views on the topic. The data were analysed with the help of SPSS. The study found that the fuel subsidy removal has significantly affected financial, time and geographical accessibility. This means that the fuel subsidy has threatened health security specifically in the area of financial, time and geographical accessibility. The study recommended among others that during the period of removal subsidize public transport to reduce the effect on low-income earners and the vulnerable.

Key words: Heath Security, Financial, Time and Geographical accessibility, Fuel Subsidy Removal

Introduction

The Preamble to the World Health Organization's (WHO) 1946 Constitution refers to the well-being, harmonious relations and security of all peoples. The Constitution states that "the health of all mankind is fundamental to the achievement of peace and security" (WHO 2005). This means that while the nation strives for a healthy society, the people are making great efforts to lead healthy life. Defining the concept of health security is like throwing a lasso to the wind. This means that no definition of health safety is accepted among scientists (Aklin, Bayer, Harish &Urpelainen, 2014). For example, in 2001, the World Health Assembly, in its resolution 54.14 'Global health security: vigilance and response to epidemics', linked the concept of health security to a global strategy to prevent communicable diseases across borders. This resolution endorsed the revision of her IHR and was the first step in linking "global health security" to her IHR compliance (Akov, 2015). This was spurred in 2007 by World Health Day and the choice of health security as the theme of the annual World Health Report (WHR) entitled 'A Safer Future: Global Public Health Security in the 21st Century' (WHO 2007). Importantly, the report only addresses "global public health security," which is defined as "measures necessary to reduce vulnerability to acute public health events that threaten the collective health of individuals residing across geographic regions and national borders." The report distinguishes between 'global public health security' and 'personal security' (Akov, 2015). The 2007 WHR, therefore, focuses only on "specific issues threatening public health at the international level" and is almost entirely dedicated to global compliance with the revised IHR, which entered into force in June 2007 (WHO, 2005). WHO has gone a step further and linked health security to the fight against communicable diseases by renaming the Communicable Diseases Cluster to 'Health Security and the Environment'. While this relatively limited use of the terms "global public health security"

and “health security” provides clarity and focus, they exclude many other global public health concerns (e.g., maternal mortality, child survival, declining nutrition) and appear to depart from broader interpretations of concepts shared by other UN agencies (UNDP 1994; UNICEF 1998). WHO has not fully answered the larger questions about the definition, scope and implementation of 'health security' (Amorim, Douste-Blazy, Wirayuda et al. (2007).

In a study on public health security, Konieczny writes (quoted from Amorim, Douste-Blazy, Wirayuda et al., 2007): "From a systemic point of view, states and peoples are willing to protect the life and health of the public in both normal and crises by continuously monitoring threats, taking appropriate precautions, taking the necessary steps to protect human property and the environment, and ensuring access for the injured (sick). Health safety is achieved: “Bringing the environment to a state of equilibrium consistent with the current state of medical knowledge based on evidence, legal evidence and safety science.” In this article, the definition of Koniechnui is reviewed and adopted, particularly by considering patient (illness) access to appropriate treatment centres during the phase-out of fuel subsidies in Nigeria. The World Health Organization defines access to health as universal health coverage. This means that all people have access to the health services they need, when and where they need them, of sufficient quality and without financial hardship. This goal should cover the full spectrum of essential health services, from health promotion through prevention, treatment, rehabilitation and palliative care to overall improvement of well-being and quality of life (Arze, Coady & Gillingham, 2012). To achieve universal health coverage, countries need policymakers committed to investing in universal health coverage and a skilled health workforce to deliver quality, people-centred care in strong, people-centred primary healthcare-based health systems rooted in the communities they serve (Arze, Coady & Gillingham, 2012). Accessibility can be

defined as the ease of access to health services in terms of physical access (geographical distribution), cost, time and availability of qualified personnel. Accessibility is a prerequisite for a high-quality and efficient healthcare system.

Accessibility - Human resources

Accessibility to healthcare can also be considered in terms of the number of qualified healthcare workers in the country and the number of beds available in some healthcare sectors. This information is also essential for planning healthcare services over the next few years.

Financial accessibility

A well-functioning healthcare system must remain economically accessible to as many people as possible. A healthcare system is considered economically inaccessible when the costs are (too high) so necessary care or treatment must be restricted or postponed, or other basic needs must be abandoned to pay for those costs. In addition, stopping or delaying treatment because of cost can adversely affect people's health in the long or short term and can lead to increased healthcare costs. In this report, economic accessibility is measured using the following indicators:

- Percentage of the population covered by compulsory health insurance.
- Percentage of household payments.
- Percentage of people who had to postpone their health examination for financial reasons.
- Access to Agreed Rates: Density of full-time equivalent conventional general practitioners and dentists.
- Percentage of surcharges on statutory health insurance premiums charged for hospitalization.

Accessibility in time

- Waiting to see a specialist can hinder access to timely medical care.
- This section contains specific metrics for wait times to see a specialist.

Geographic Accessibility

WHO recommends considering the geographical distribution of health services. This is because this factor directly affects the speed at which patients can be served in an emergency and thus the effectiveness of the healthcare system. This report measures the geographic accessibility of maternity services nationwide. This indicator measures the percentage of people who live within 30 minutes drive of her from the nearest maternity ward. The density of the road network is taken into account, so distance is measured in travel time on the road network rather than in kilometres travelled. Choosing the 30-minute cap is optional.

Fuel Subsidy Removal

It is nothing new that Nigeria is endowed with vast natural resources. It is as obvious as telling a blind man that a dead snake is like a rope in his hand. Unfortunately, enormous wealth has not translated into prosperity for the nation. It is ironic that Nigeria, the most populous black nation and Africa's largest economy, is a rich country with a poor population. Nigeria has proven oil reserves of 37.2 billion barrels, second only to Libya in Africa, and is the continent's largest oil producer (Beaton, Gerasimchuk, Laan, Lang, Vis-Dunbar., & Peter (2013); Adekoya, 2020; Olisah, 2020), producing about 1.78 million barrels per day as of March 2020 (Olisah, 2020).

It is pertinent to point out that the successive Nigerian governments have failed to provide social benefits to their people and reduce poverty despite huge oil export revenues. Therefore, fuel subsidies were introduced in the mid-1980s to alleviate people's suffering from high fuel prices at pumps (Agu, Ekwutosi & Augustine, 2018).

Subsidies occur when governments help consumers of a particular product pay a price below the prevailing market price for that commodity (Arze, Coady, & Gillingham, 2012). Fuel subsidies target the poorest members of society. Unfortunately, poor people do not have cars or generators to power them, and benefit only indirectly from fuel subsidies, which go directly to the rich. Eliminating the COVID-19 pandemic. This period will only add to the hardships currently being experienced by the majority of Nigerians living below the poverty line and will have a severe negative impact on Nigeria's poor. The removal of the subsidies will lead to further increases in transport costs, which have recently been raised by shipping companies due to social distancing due to the corona virus pandemic. The prices of food and other related commodities will soar, while some households' incomes will remain flat, while others will have no meaningful source of income since the pandemic lockdown. This will lead to lower real incomes for poor households, increasing poverty within the country, exacerbating the already intolerable economic hardships of societies and exacerbating the poor living standards of the population. As Nigeria's manufacturing and manufacturing sector depends on fuel for either production or distribution, higher fuel prices for pumps in the country will also lead to higher production costs.

Industry overheads will increase and, as has been the case recently, will lead to company closures and relocation to neighboring countries (cited in Eme, 2011; Majekodunmi, 2013; Anyadike, 2013). There will be job losses and an increase in the already high unemployment rate. This comes as the corona virus pandemic continues to put many household heads on mandatory leave without pay. The impact will be devastating. Not only will the increased production costs be passed on to consumers in the form of higher prices, but every thing else, from tuition, rent and food, will also rise. This will exacerbate the social challenges, as many households are still unable to cope with the existing challenges caused by the global health crisis.

Removing subsidies at this point would lead to astronomical increases in commodity prices, and would be a time of pain and hardship for the country, especially for the poor. Azel de Granado, Coady, and Gillington (2012) argue that subsidies are more beneficial to the rich than the poor because they are consumption-based, making the rich richer and the poor poorer, thereby increasing social inequality. Subsidies, even well-intentioned, are not efficient development policy tools, especially when government fixed prices are below the marginal cost of production. So society as a whole will be better off when these subsidies are abolished. Abolishing fuel subsidies would benefit the Nigerian people as it would promote economic development. The huge fund, which has so far been used to finance subsidies, will now be available to the government to expand much-needed infrastructure in the country, especially in the health, education and transport sectors. Then all citizens will benefit. Nigeria, the continent's second-largest oil producer after Angola since the introduction of democracy in 1999, has been embroiled in controversy over fuel subsidies. The policy was initially implemented as a six-month measure to stabilize oil prices while local refineries rebuilt, but has persisted for decades despite its short-lived decommissioning. Subsidies are a double-edged weapon, bringing relief to many Americans while fueling corruption and economic stagnation. Historically, the Nigerian has viewed fuel subsidies as one of the few benefits he can receive from the state, especially given the lack of a constant and stable electricity supply in the country. Without subsidies, gasoline prices eat up a significant portion of the nation's daily budget, forcing many to rely heavily on gasoline generators. Still, these subsidies have caused economic constraints, costing the Nigerian Ministry of Finance an estimated \$10 billion annually through 2022. There was also criticism of the subsidy system. After the subsidies were abolished in 2012, gas prices soared, sparking widespread protests and strikes. In response, the government cut fuel costs by 30

percent, but that was only a solution to an ongoing problem. When global oil prices plummeted in 2016, subsidies were again phased out on the grounds that the practice was unsustainable and that subsidies were widespread.

But despite these tumultuous events, the argument for the abolition of oil subsidies remains compelling. These are financially unsustainable and exacerbate Nigeria's financial problems, which the World Bank is also concerned about. By benefiting wealthier households who use more fuel, these subsidies encourage over consumption, divert resources from more productive sectors, exacerbate pollution and global warming, and deepen inequalities. On Monday 29 May, 2023, President Bola Tinubu said in his inaugural address that Nigeria's fuel subsidies would be phased out citing his budgetary concerns. The decision sparked fuel price hikes and widespread fuel panic buying. Some bus companies were unable to refuel their vehicles, leaving many stranded.

Methodology

The study adopted a survey design to elicit information from the respondents concerning the effects of fuel subsidy removal on health security. Here, the online survey was used. A well-designed instrument was designed and posted online. The inclusive criteria were only persons living in Nigeria at the time of this study. The respondents were required to fill the set of questionnaire on the major variables of the study. The questionnaire was formatted in such a way that all the responses from the respondents were automatically recorded. This entails that an accidental and convenience sampling method was used. This method entails only those who are willing to participate in the study will do so. Also, the snowball sampling technique was used to generate a sample. The recruited samples provide the referrals that constituted the sample for the

study. Using this method, 1153 respondents provide answers to the subject under investigation. Data was analysed using SPSS and subsequently presented in tabular format.

Result

Table 1: Distribution of Respondents by Location

Location by State	No	Percent
Abia	75	6.5
Abuja	81	7.0
AkwaIbom	56	4.8
Bauchi	52	4.5
Bayelsa	54	4.7
Benue	241	21.0
Borno	25	2.2
Cross River	82	7.1
Edo	59	5.1
Enugu	89	7.7
Lagos	72	6.2
Nasarawa	151	13.1
Oyo	62	5.4
Taraba	54	4.7

Source: Online Survey, 2023.

The table shows the distribution of the respondents that participated in the study. The table indicates that 6.5 (75) of the respondents were from Abia State, 7.0% (81) from Abuja, 4.8% (56) from Akwa-Ibom, and 4.5% (52) from Bauchi state. The table further indicates that 4.7% (54) were respondents from Bayelsa state, majority 21.0% (241) from Benue, 2.2% (25) from Borno state, 7.1% (82) from cross River and 5.1% (59) from Edo state. It is indicative from the table that 7.7% (89) of the respondents were from Enugu state, 6.2% (72) from Lagos, 13.1% (151) were from Nasarawa, 5.4% (62) from Oyo and 4.7% (54) were from Taraba state. The

implication of this data is that the study has national outlook hence respondents across the country participated in the study.

Table 2: Financial accessibility and its effects on health security during fuel subsidy removal

Items	Agree	Disagree
I am a beneficiary of compulsory health insurance scheme so I cannot have much problem during fuel subsidy removal	112(9.7)	1041 (90.3)
We make out-of-pocket payments but it will be tough during fuel subsidy removal	673 (58.4)	480 (41.6)
I had to postpone medical examinations for financial reasons	816(70.7)	337(29.3)
I have to patronize alternative medicine because of inability to travel to the medical facilities.	756 (65.6)	397 (34.4)

Source: Fieldwork, 2023

The table sought to investigate the effect of financial accessibility on health security in Nigeria. The table shows that the majority of the respondents 90.3% (1041) disagreed that they were the beneficiary of compulsory health insurance schemes so they did not have much problem during fuel subsidy removal. The table revealed that the majority of the respondents 58.4% (673) agreed that they make payments out of pocket but it will be tough during fuel subsidy removal. The raw data indicates that the majority of the respondents 70.7% (816) were of the view that they had postponed medical examination because of financial reasons. Also, the table indicates that the majority of the respondents have opted for alternative medicine because of financial difficulties. This leads to a high cost of travelling and inadequate means of transportation.

Table 2: Distribution of Respondents by Time and Geographical Accessibility and fuel subsidy

Items	Agree	Disagree
The waiting time before obtaining an appointment with a specialist is an obstacle preventing access to care in a timely manner during fuel subsidy removal.	654 (56.7)	499 (43.3)
The waiting time before seeing a specialist is longer in time of this fuel subsidy removal.	751(65.1)	402 (34.9)
There is inadequate means of transportation to the health facilities hence I have to trek for hours and this pose a challenge to me.	876(76.0)	277 (24.0)
Health workers report to work late or absent to work during fuel subsidy remove.	752 (65.2)	401(34.8)
It takes me more than 30 minutes to reach the healthcare facilities during fuel subsidy removal	810(70.3)	343 (29.7)

Source: Fieldwork, 2023

The table sought to investigate the effect of fuel subsidies on time and geographical accessibility in Nigeria. The raw data indicates that the majority of the respondents 56.7% (654) agreed that the waiting time before obtaining an appointment with a specialist was an obstacle preventing access to care promptly during fuel subsidy removal. Furthermore, the majority of the respondents 65.1% (751) agreed that the waiting time before seeing a specialist is longer in time for this fuel subsidy removal. Also, the table shows that 76.0% (876) agreed that there are inadequate means of transportation to the health facilities hence they have to trek for hours to the

health facilities. The table also shows that 65.2% (752) agreed that health workers reported working lately and in most cases absented to work during fuel subsidy removal. The table in addition revealed that 70.3% (810) agreed that it took them more than 30 minutes to reach the healthcare facilities during fuel subsidy removal.

Hypothesis

Table 3: Fuel Subsidy Removal has no Significance Effect of Health Security in Nigeria

Model	R	R Square	Adjusted R	Std Error of the Estimate		
1	.705	.482	.383	1.88292		
2	Sources of variance	Sum of Squares	Df	Mean Square	F	Sig.
	Regression	1574.298	7	200.614	54.565	.000 ^a
	Residual	1421.661	787	3.932		
	Total	2795.954	1153			
Independent Variables	R	R ²	F	β	T	P
Constant	.703	.475	53.565		5.322	.000<.05
Financial accessibility				.218	5.554	.000<.05
Time and Geographical accessibility				-.080	2.260	.030<.05

The table indicates that the independent variables (financial accessibility, as well as time and geographical accessibility, contributed $R^2 = .477$ to the variance of fuel subsidy removal. The

results presented showed that financial and Time/geographical accessibilities significantly and jointly affect health security ($R = .703 = R^2 = .475$ ($F(7, 387) = 53.565$, $t = 5.322$, $p < .05$). It means that there is another effect of fuel subsidy removal on health security. This is because of the inability of financial accessibility and time/geographical accessibility to make total effects or contributions. Given this result, the null hypothesis is rejected. This implies that fuel subsidy removal has a significant effect on health security.

Discussion of findings

The study found that the removal of fuel subsidies in Nigeria was drastically affecting the financial accessibility of the people thereby posing a serious threat to health security. During this period, the people find it difficult to pay for hospital bills, find it difficult to transport themselves to health facilities and many have to postpone their medical appointment for lack of finances and access to means of transportation. This finding tallies with the view of some respondents in an interview. A respondent in Kano in a telephone interview opined that:

Life is very difficult here, this morning my neighbour came and asked me for hospital money. I told him, things are not easy with me too. It pains me so much! President Tinubu would have improved the welfare of the people before implementing the policy. I have observed that many people are dying for lack of money to pay for hospital bills. This is worrisome (KII interview, 2023).

Another respondent in Enugu state also responded that:

My brother, I hate everything about this country. Our leaders don't think well before doing something. Look at this, the way people are suffering this time is more than COVID-19. I was sick last week, I have to go to the hospital for

treatment, but on reaching there, I found out that the doctor was absent. This might be because he has no money to fuel his vehicle to work (KII interview, 2023).

Another respondent in Lagos respondent:

This fuel subsidy removal is affecting access to medical facilities because many people could not afford to pay the hospital bill. Also, many people could not have access to means of transportation that could take them to health facilities. The government would have improved the welfare of the people before embarking on the policy. No one is served in this country again! (KII, interview, 2023).

The study also found that fuel subsidy removal also affects time and geographical accessibility to health. The study found that the majority of the respondents agreed that the waiting time before obtaining an appointment with a specialist was an obstacle preventing access to care promptly during fuel subsidy removal. Furthermore, it was found that the waiting time before seeing a specialist is longer in time for this fuel subsidy removal. Also, there were inadequate means of transportation to the health facilities hence many people have to trek for hours to the health facilities. It was found that health workers reported working lately and in most cases absented to work during fuel subsidy removal. The study found that it took them more than 30 minutes to reach the healthcare facilities during fuel subsidy removal. This can be summed up that the fuel subsidy removal significantly affects health security in the country. The qualitative data collected from the respondents backed up the finding from the quantitative data. In an interview, a respondent in Makurdi the capital of Benue state observed that:

My brother, fuel subsidy removal creates confusion in people's lives. Imagine, my wife gave birth in the open space while trying to rush her to the hospital for

delivery. While we were waiting, she delivered because of the untimely arrival of the bus (interview, 2023).

Another respondent in Keffi in Nasarawa state during an interview cried that:

I don't want to talk about Tinubu's policy of removing fuel subsidies without proper groundwork. People are dying in silence for lack of food and access to health facilities. So our government does not care about the welfare of the citizens (Interview, 2023).

Conclusion

The current practice of fuel subsidies is unsustainable and could lead to a debt crisis in the medium to long term. Governments must reorient their approach and focus on targeting the poorest and neediest of the poor. Drastic cuts in subsidies may be politically unfeasible, and the disruption that such decisions may entail, especially in the short term, could hurt the economy more than the anticipated benefits of subsidy cuts.

RECOMMENDATIONS

1. During the period of fuel subsidy removal, subsidize public transport should be to reduce the effect on low-income earners and the vulnerable.
2. The government should implement policies that can reduce the poverty level of the household. In doing this, the monthly palliative of 100,000 naira should be paid to the adult citizen to ease the suffering. This can help in no small way in reducing the financial difficulties faced by the people.
3. The hospital bill should be subsidized it ease the suffering during fuel subsidy removal.

References

- Aklin, M., Bayer, P., Harish, S. P., and Urpelainen, J., (2014). “Information and Energy Policy Preferences: A Survey Experiment on Public Opinion about Electricity Pricing Reform in Rural India”. *Econ. Govern.* 15 (4), 305–327.
- Akov, E., (2015) “Fuel Subsidy Corruption and the Illusions of Economic Reconstruction in Nigeria”. *Academic Journal of Interdisciplinary Studies*, 4 (1).
- Amorim, C, Douste-Blazy P, Wirayuda H et al. (2007). Oslo Ministerial Declaration—global health: a pressing foreign policy issue of our time. *The Lancet* 369: 1373–8.
- ArzedelGranado, J., Coady, F., and Gillingham, D., (2012). “The Unequal Benefits of Fuel Subsidies: A Review of Evidence for Developing Countries”. *World Dev.* 40 (11), 2234–2248.
- Axworthy, L. (2001). Human security and global governance: putting people first. *Global Governance* 7: 19–23.
- Beaton, C., Gerasimchuk, I., Laan, T., Lang, K., Vis-Dunbar, D., and Peter, W., (2013), “A Guidebook to Fossil Fuel Subsidy Reform”. International Institute for Sustainable Development.
- Calain, P. (2007). Exploring the global arena of global public health surveillance. *Health Policy and Planning* 22: 2–12.
- UNDP (1994). Human Development Report. Oxford: Oxford University Press. United States House of Representatives. 2002. Public Health Security and Bio-terrorism Response Act 2002 Jun 12 HR 3448. Online at: <http://www.fas.org/sgp/congress/2001/hr3448.html>, accessed 3 September 2007.
- UNICEF (1998). The State of the World’s Children. Oxford: Oxford University Press.
- Watts J. 2005. Thailand shows the world it can cope alone. *The Lancet* 365: 284.
- WHO (2005). Basic Documents (forty-fifth edition). Geneva: World Health Organization.