

## **COMMUNIQUE ISSUED AFTER A ONE-DAY NATIONAL DIALOGUE ON FUEL SUBSIDY REMOVAL WITH CIVIL SOCIETY ORGANIZATIONS (CSOs) FROM THE SIX GEO-POLITICAL ZONES HELD ON JULY 26, 2023 AT HAWTHORNS SUITE, AREA 11 CONVENED BY CENTRE FOR TRANSPARENCY ADVOCACY.**

### **INTRODUCTION**

#### **1. BACKGROUND**

Fuel subsidy has been described by many concerned Nigerians as a conduit through which our common wealth from our natural resources are frittered away by few Nigerians. It is important to note that the call for the discontinuation of fuel subsidy has been a significant and persistent concern due to the high incidence of corruption. However, the abrupt termination of fuel subsidy by President Bola Ahmed Tinubu has significantly impacted Nigerians, resulting in an increase in commodity prices, transportation, general services and disproportionately affecting vulnerable groups even when majority of Nigerians have become vulnerable to the harsh realities of the economy.

In acknowledgement of the above, a National dialogue was organized and attended by array of CSOs, the representatives of the Inspector General of Police, Permanent Secretary Federal Ministry of Finance, Permanent Secretary Ministry of Petroleum Resources, the Executive Secretary of Nigeria Extractive Industry Transparency Initiative; and the Chief of Party Palladium, President of the Independent Petroleum Marketers' Association of Nigeria (IPMAN), Civil Society Adviser of the Nigeria Open Government Partnership Secretariat, and civil society representatives from the six geopolitical zones, Women in Extractives, Inclusive Friends Association, League of Women Voters in Nigeria, National Women Society, Albino Foundation, Persons With Disability, the National Democratic Institute, the media, community persons and other diverse stakeholders

#### **The specific objective of the Dialogue was to:**

Provide a forum for civil society organizations to engage in inclusive dialogue, exchange perspectives, and share experiences regarding the fuel subsidy removal and its impact on citizens in general and vulnerable groups in particular, with a view to harmonizing a unified CSO position with practical and evidence-based recommendations.



## DELIBERATIONS AND KEY TALKING POINTS

- That the removal of subsidy was ill-prepared and there was no consultation with the people although stakeholders admitted that fuel subsidy was a cancer to our economic liberation.
- Stakeholders acknowledged that the government had expended N13.6 trillion in subsidy payments between 2005 and 2021, and over \$19 billion on repairing the country's four refineries in the past 8 years without commensurate results. This amount is equivalent to the combined budgets of education, health and security in the last five years.
- Ordinary citizens have remained the ultimate burden-bearers of the subsidy regime and its removal.
- There is no clarity on the post-subsidy fuel pricing computation, savings and regulation.
- Considering the expository reports from reputable organizations like the Nigeria Extractive Industries Transparency Initiative (NEITI), stakeholders believe that the current administration should invest time and resources to probe the alleged fraudulent subsidy regime and refinery rehabilitations.
- Ineffective communication of proposed government policies and interventions that drives public distrust.
- Non-inclusive approach in proposition of government policies and interventions and constitution of its negotiation committee and similar platforms.
- There is no holistic implementation plan and inclusive framework for the above propositions.
- There has been no genuine demonstration of the sacrifice demanded from citizens by the government and the political elite who still go about their normal business in high fuel consumption automobile convoys.
- Nigeria remains the only oil-producing nation without a functional refinery and the only privately owned refinery with considerable support from the government remains inoperative with its production date reported to begin in 2025.
- That the issue of paying 8,000 naira to some households in Nigeria is mere cosmetic and unsustainable considering the high cost of goods and services across the nation; the timeline of 6 months and poor monitoring framework to promote transparency/accountability in the process to avoid pitfalls that other social intervention schemes experienced
- There are no clear time lines and implementation plans on what the government intends to do and no signs of inclusive process that will involve critical segments of Nigerians
- How well constituted is the negotiation committee? What interests are represented? (representation of all classes of Nigerians must be taken into consideration e.g. youth, women, PWDs)
- The cost of energy has increased alongside fuel cost with direct impact being redundancy
- Little or no investment in renewable/green energy to provide alternative energy sources
- That corruption creates hardship which in turn triggers mental health challenges.



- Issue of desperate migration occasioned by economic hardship can lead to vulnerability of citizens falling prey to VISA racketeers who take advantage of this desperation

### Participants noted the following impacts

- Astronomical increase in cost of living with knock-on effect on prices of goods and services in general, transportation, and fuel-related expenses, in particular.
- Food inflation and high cost of living expenses.
- Unemployment and Job loss (Many have resigned from their jobs) due to expenditure outweighing income
- Increase in sexual and gender-based violence due to frustrations among families who are unable to provide for their families
- High cost of business operations for businesses- industries, MSMEs and informal sector operators, with an attendant effect on employment and cost of goods and services.
- Increased poverty and widening inequality with a significant impact on lives and livelihoods of vulnerable and marginalized segments of society, especially persons with disability, the informal sector, and the rural populace, resulting from increased inflation, unemployment, and reduced household income.
- Increased security concerns arising from growing poverty and desperation among citizens and inability of security agencies to fuel their patrol vehicles.

### SUGGESTED MEASURES IN CUSHIONING THE NEGATIVE IMPACTS

After extensive deliberations, stakeholders came to the conclusion that the impact of the subsidy removal is far reaching as such the expectations of citizens are broad and can be categorized into short-, medium- and long-term expectations.

#### SHORT TERM PALLIATIVE

- The government must out of necessity and urgency cut down multiple taxations especially in the informal places like markets should be curtailed (tax holidays). This is important as Nigeria is a largely informal economy although government interventions/palliatives are often benefitted by those in the organized labour (public/private).
- The government needs to strengthen the public transport system across board (Federal, State and Local) making it effective with immediate roll out of public mass transport buses to cushion the immediate impact and distribution of transport vouchers.
- Government should increase investment in ICT infrastructure in Nigeria to strengthen and deepen Internet penetration and cost of data. Strengthen broadband bases and ensure everywhere is covered so that people can take advantage of remote jobs and opportunities.
- The cost of solar panels is still very high – government need to reduce the custom duty on alternative energy sources
- Cash transfer is important for people in the village
- Provide basic health care



- Price stabilization mechanism to reduce the cost of food and other essentials.
- Institute Independent Panel for independent forensic report on subsidy fraud over time.
- Establish price regulation (mechanism for control)

### Medium-term

- Decentralize administrative offices and commercial hubs clustered within the city centre that mandates heavy human and vehicular movement across cities to suburbs and satellite town, establish better markets in satellite towns and spend less time on commuting and dependence on fuel
- Increase investment in training for alternative use of LPGs/ CNG in areas of automotive fueling.
- Deliberate and intentional diversification of Nigeria's economy beyond Oil in other critical areas such as agriculture, ICT, Tourism etc.

### Long-Term

- At least one out of the four refineries should be operational in the next 1 year and more private refineries should be licensed to operate
- Invest in renewable energy
- Improve local economy through incentives
- Government should give Grants and loans for informal sectors to help empower them to create jobs
- Local Government Areas should become more accountable and work towards improving the lives of the rural populace.
- Access to funds like the bank of industry to encourage infant industries and other

## GENERAL RECOMMENDATIONS

1. The government must:
  - a. conduct an independent forensic audit of the subsidy regime and refinery rehabilitations and ensure speedy prosecution of those found wanting.
  - b. demonstrate the same sacrifice that they are demanding from citizens, by cutting governance costs and the consideration of the Oronsaye Report.
  - c. Ensure comprehensive and inclusive planning, implementation and monitoring of collectively proposed measures.
  - d. Account for and be transparent in planning for and utilizing savings from the subsidy removal.



- e. Consider tax incentives targeted at low-income earners, small businesses and consider the suspension of import duties on food, fertilizer and agricultural inputs, temporarily.
2. Speedy construction of new and rehabilitation of existing railways within cities and inter-city rail lines in big cities like Abuja, Lagos, Kano, Port Harcourt etc. to ease movement.
3. State and local governments should:
  - a. make buses available in remote areas to help convey farmers and their produce from their farms to the market to reduce wastage.
  - b. Provide free and/or subsidized transit buses to convey people along major city routes across Nigeria.
4. Concrete arrangement for free transportation for those who work, students, nursing mothers, elderly in critical sectors like health and education.
5. Government, should engage with CSOs, faith based and women-based, community-based organizations to monitor and anchor distribution of palliatives
6. Federal and State governments should review salaries immediately
7. CSO representative to be a part of the Negotiation Committee of government.

## Conclusion

The pre-dialogue and National Dialogue sessions were robust and all-encompassing covering the observations, concerns, effects, situations of Nigerian citizens due to the subsidy removal and recommendations to cushion the abrupt impact in the short-, medium- and long-term and call for prudent micro and macro-economic management of the proceeds and gains from the subsidy removal. The dialogue agreed that the government needs to do more in terms of communication and stakeholders' consultation across all levels and provide comprehensive compensation measures to cushion the effect of the subsidy removal to all segments of the society.

Signed by the following organizations and persons:

S/N	NAME	ORGANIZATION	EMAIL ADDRESS
1	Faith Nwadishi	CTA	<a href="mailto:faith.nwadishi@cta.org.ng">faith.nwadishi@cta.org.ng</a>
2	Bassey Udo	MITEI	<a href="mailto:bassey.udo@gmail.com">bassey.udo@gmail.com</a>
3	Blessing Charles	Women in Extractive North West	<a href="mailto:blessingcharles97@gmail.com">blessingcharles97@gmail.com</a>
4	Ekundare Eniafe	Network for Peace and Inclusive Development	<a href="mailto:eniafeekundare@gmail.com">eniafeekundare@gmail.com</a>
5	Irene Awunah	League of Women Voters Nigeria	<a href="mailto:cosmoscoterie@gmail.com">cosmoscoterie@gmail.com</a>
6	Evelyn Akor	Midoraji	<a href="mailto:akornkem95@gmail.com">akornkem95@gmail.com</a>
7	Bassy Bassy	Hipcity Innovation Centre	<a href="mailto:basseyita@gmail.com">basseyita@gmail.com</a>
8	Blessing Uchepuh	Order paper	<a href="mailto:blessing.simon@orderpaper.ng">blessing.simon@orderpaper.ng</a>
9	Ugochukwu Munachi	CISLAC	<a href="mailto:m.ugochukwu@cislac.org">m.ugochukwu@cislac.org</a>
10	Paul Ogwu	Institutional and Sustainable Development Foundation	<a href="mailto:ogwupaulo@yahoo.com">ogwupaulo@yahoo.com</a>
11	Reuben Joseph	Iko – Josh Empowerment Foundation	<a href="mailto:bentolyte60@gmail.com">bentolyte60@gmail.com</a>
12	Ademola Adebisi	Value Re-orientation for Community Enhancement	<a href="mailto:adexconsult2@gmail.com">adexconsult2@gmail.com</a>
13	Jumai Danuk	Victor Dielat Memorial Foundation	<a href="mailto:jumaicanuk@yahoo.com">jumaicanuk@yahoo.com</a>
14	Ezenwa Lilian	Public Enlightenment Project	<a href="mailto:lilian.ezenwa@gmail.com">lilian.ezenwa@gmail.com</a>
15	Cynthia Biloebiere Bright	Women in Extractive	<a href="mailto:cynbright@gmail.com">cynbright@gmail.com</a>
16	Peter Nwadishi	Koyenum Immalah Foundation	<a href="mailto:kifbenin@gmail.com">kifbenin@gmail.com</a>
17	Dr Danladi Erisa	Mother Hen Development Foundation	<a href="mailto:motherhen.d@gmail.com">motherhen.d@gmail.com</a>
18	Grace Jerry	Inclusive Friends Association	<a href="mailto:gjerry@inclusivefriends.org">gjerry@inclusivefriends.org</a>
19	Mondu Bako	ITA	
20	Alhaji Debo Ahmed	IPMAN	<a href="mailto:jeoke@yahoo.com">jeoke@yahoo.com</a>
21	Emedolibe Numa	NCWS	<a href="mailto:ncwsnigeria@gmail.com">ncwsnigeria@gmail.com</a>
22	Olusola Babalola	Centre for environmental sustainability and development awareness	<a href="mailto:solababs07@yahoo.com">solababs07@yahoo.com</a>
23	Amb. Hannatu Usman	Abuja Wives of Traditional Rulers	<a href="mailto:associationfctwives@yahoo.com">associationfctwives@yahoo.com</a>



24	Uchenna Arisukwu	Open Government Partnership	<a href="mailto:Uchenna.arisukwu@ogpnigeria.org.ng">Uchenna.arisukwu@ogpnigeria.org.ng</a>
25	Dr Mike Uzoigwe	DNH Advisory	<a href="mailto:michuzoi@yahoo.com">michuzoi@yahoo.com</a>
26	Tracy Keshi	National Democratic Institute	<a href="mailto:tkeshi@ndi.org">tkeshi@ndi.org</a>
27	Ibu Peter	Starburst Empowerment Foundation	<a href="mailto:esibupeter@gmail.com">esibupeter@gmail.com</a>
28	Oche Michael	Nigeria Pilot Newspaper	<a href="mailto:Mikaelpaul2015@gmail.com">Mikaelpaul2015@gmail.com</a>
29	Kichime Goyang Gotau	Development Expert	<a href="mailto:get2kich@gmail.com">get2kich@gmail.com</a>