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FUEL SUBSIDY REFORM AND HOUSEHOLD CAPABILITY DEPRIVATION IN LOKOJA METROPOLIS: A POST-2023 STUDY

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Abstract
President Tinubu's decision to remove fuel subsidy during his inauguration as president was one fiscal reform that severely impacted household welfare across Nigeria. This study assesses the extent at which the said reform entrenched capability deprivations in Lokoja Metropolis. Anchored on the Capability Approach, the study employed a cross-sectional survey design; and three 300 households were surveyed between August and October 2024. Data were analysed using descriptive statistics, one-sample Wilcoxon signed-rank tests, Friedman test with post-hoc pairwise comparisons, two-way ANOVA, independent t-test, and ordinal logistic regression. The results show that fuel subsidy removal significantly decline capability domains such as: food security, education, healthcare, savings, and living standard. The overall capability index was 2.05 on a five-point scale, well below the neutral point of 3. Household savings emerged as the most constrained domain, followed by education. Employment status was a significant predictor of capability outcomes, with formal workers reporting worse outcomes than informal workers. Income range did not have a statistically significant effect. Ordinal logistic regression confirmed that informal workers have 2.18 times higher odds of being in a higher capability category compared to formal workers. Therefore, it is obvious that fuel subsidy removal largely constrained household capabilities in Lokoja Metropolis, especially fixed income earners. Policy implications include the need for savings-linked palliatives, salary increase for workers, and improved targeting of social protection programmes.

Keywords: *Fuel subsidy removal, Household Capability, Social Protection, Capability Approach, Lokoja Metropolis*

1.1 INTRODUCTION

Since the discovery of crude oil in Nigeria, the government has continually leveraged on the advantage of fuel subsidy payment to lessen the impact of high prices of gasoline products on the citizenry. Fuel subsidy was informally introduced in 1973 in response to the hike in prices of petroleum products in the global market. This was later institutionalized in 1977 following the promulgation of the Price Control Act (PCA) by the General Obasanjo's military government. Since then, the government had consistently being subsidizing the prices of petroleum products with the intention to maintain lower and more affordable prices for in the local domain to ease the burden even in times of global increased. This was however aborted in 2023 when President Bola Ahmed Tinubu announced the end of the

subsidy regime due to a said fiscal burden on the government and allegations of wanton corruption that preoccupied the fuel subsidy mismanagement (Premium Times, August 4, 2024).

The reform was aimed at enhancing fiscal sustainability, infrastructural development and effective resource management. The Nigerian government in its defense of the Subsidy Reform argued that it was necessary to restructure the economy by salvaging the dwindling economic fortunes of the country and free-up resources for critical infrastructural development that would enhance long-term socio-economic prosperity (Premium Times, August 4, 2024). This however attracted so much opposition from different quarters, prominently, from Trade and Labour Unions and even the general public. Most criticisms referenced the fact that even developed countries all over the world, including the top capitalist economies favours state interventions in certain areas of the economy such as subsidies payments to boost social investment and enhance citizens' welfare.

The fuel subsidy removal triggered an instant rise in the cost of Premium Motor Spirit (PMS) resulting to a sharp rise in inflation and poverty rates. The reforms came with so much welfare challenges leading to households' capabilities deprivation due to the multiple hike in the price of PMS from N185 per litre to over N500 in the first instance which since then has steadily being rising to over N1200 per liter. This increase brought about an instant rise in the prices of goods, commodities, and services, thereby diminishing household capabilities outcomes; thus, entrenches deprivations and penury in the country. This makes it necessary to interrogate the extent at which fuel subsidy undermined house capabilities in Nigeria, particularly Lokoja Metropolis in order to make useful recommendations that will resolve the menace.

1.2 Conceptual Clarifications

Fuel Subsidy

Fuel subsidy is popularly seen as a government policy that fixed the retail price of petroleum products below the international approved benchmark. Successive government in Nigeria has maintained the tradition of payment of fuel subsidies in order to cover part of the cost of gasoline product that should be paid by the citizens. According to the International Monetary Fund (IMF), fuel subsidies are primarily intended to protect consumers from the effects of the high costs of petroleum products in the global market but end up promoting economy inefficiency (IMF, 2026). This paper conceptualize fuel subsidy as a government intervention that is intended to enhance social protection and welfare of citizens for the purpose of overcoming household capabilities deprivations.

Household Capability Deprivation

This entails the inability of a household to access basic needs of subsistence living such as food, education, healthcare service and improved living standard that are necessary for effective functioning and resilience. Sen (1999) described individuals' or household capability to include the enhancement of freedom and opportunities that could enable one to function proper in the society and achieved a valued livelihood. This study conceptualise household capability deprivation to include the lack of conventional measures that are needed to enable a decent livelihood such as enhanced consumption and improved income levels that can overcome inflation and poverty shocks.

2.0 LITERATURE REVIEW

2.1 Empirical Review of Literature

Scholars have undertaken empirical studies on the implications of fuel subsidy reforms in Nigeria on individuals' and households' welfare. However, most studies emphasis the impact of the 2023 fuel subsidy removal on inflation and conventional welfare indicators such as low income values and poor purchasing power of households (Oluwa and Uke, 2024; Okoli, 2024; Sodeeq, 2024; Kareem & Oluseye, 2025; Abubakar, et al, 2025; Oigochie, Saji, & Adama, 2025). The reviewed studies however did not evaluates the impact of the reform on household capability outcomes especially in Lokoja Metropolis thereby making this study necessary to fill the identified gap in literature

Niagwan & Maigari (2024) in their study on the impact of fuel subsidy removal policy on households in Jos Metropolis revealed that the effects of the reform drastically erode the general welfare of households. The study showed how the abrupt rise in transportation and food items constrained households' welfare and capabilities. Yet, their analysis was particular on the experiences of households in Jos Metropolis, hence, making this study necessary to provide empirical evidence on the implication of the reform on household capability outcomes in Lokoja Metropolis.

Ozuma, (2025) revealed that the 2023 fuel subsidy removal impedes the growth and prosperity of small and medium enterprise in Otukpo L.G.A., Benue State. The literature was specific on the implication of the reform on small and medium businesses in Benue State, and as such, did not cover the analysis in Lokoja Metropolis, despite the fact that Lokoja is the administrative and the commercial hub of Kogi State where most livelihoods depends on gasoline for the facilitation of their daily activities and livelihoods. Thus, our study is needed to provide empirical evidence on the micro-level analysis of the implication of the 2023 fuel subsidy reform on households in Kogi State, specifically Lokoja metropolis as a way of filling in the identified gap in literature.

This study is motivated by three intersecting concerns. First, despite the scale of the 2023 reform and the documented hardships, no primary data-driven study has systematically evaluated its effects on household capabilities in Lokoja Metropolis using the capability approach framework. Second, policy discourse has largely ignored intra-urban variation; without evidence on which capability domains are most constrained and which population segments are most vulnerable, compensatory policy design remains speculative. Third, government measures to cushioned the effects of the reform is reported to be grossly inadequate in some climes (Niagwan & Maisamari, 2024; Abubakar et al, 2025) as such, there is need to interrogate the implications of the reform in order to ascertain the most constrained capability in order to suggest an appropriate measure.

Thus, this study in broad term is set-out to examine the implications of the 2023 fuel subsidy reforms on households' capabilities within Lokoja Metropolis. Other specific objectives include: to evaluate the effects of fuel subsidy reform on key household capability domains: food security, education expenditure, health access, household savings, and overall standard of living. Secondly, to identify the capability dimension that is most constrained following the removal of fuel subsidy. Thirdly, is to examine whether the impact varies across income groups and employment status, distinguishing formal sector employees from informal sector workers. The study tests the hypotheses that subsidy removal has significantly reduced household capabilities across all domains, of which food security is the most constrained domain given the direct transmission channels from fuel to food prices, and

that low-income and informally employed households bear disproportionately larger capability losses.

2.2 Theoretical Framework

Capability Approach

This study adopts the Capability Approach is a framework of analysis. The Capability Approach as introduced by Amartya Sen in the early 1990s posits that the understanding of welfare outcomes transcends beyond the traditional income and consumption considerations. The Capability Approach emphasized that humans need freedoms and opportunities to live a desired and a valuable life that will enhance their effective functioning in the society (Sen 1999). Thus, the Capability Approach is more appropriate and relevant in the analysis of human welfare in Nigeria considering its multifaceted perspective on the considerations of welfare beyond income to include other key domains of household's capabilities captured in this study.

3.0 Methodology

A cross-sectional survey design was adopted for this study due to its advantages of effective resource management, and it convenient and flexibility to study a range of variables at a time. Beside, cross-sectional designs are relevant in political science research, especially in the evaluation of diverse welfare outcomes. Furthermore, 300 households were sampled for the purpose of achieving statistical reliability and adequate representativeness of households across Lokoja Metropolis. While a multistage sampling method was used to ensure a standard survey methodology that suits the diversity of populace in the Metropolis; wards were purposively selected to capture variation in socio-economic composition and distance from the city centre. Thereafter, a systematic random sampling was used to select the 300 households. The analysis proceeded in stages corresponding to the three research objectives. All statistical tests were two tallied with alpha set at 0.05.

4.0 Results

4.1 Socio-demographic Profile of Respondents

A total of 300 households completed the survey. The socio-demographic characteristics of the study revealed that informal workers are predominant with a sample rate of 63.0% of respondents that are informal sector workers whereas 37.0% of the respondents were formal jobs employees as presented in Table 1 below:

Table 1: Socio-demographic characteristics of respondents

Variable	Category	Frequency (n)	Percentage (%)
Sex	Female	96	32.0
	Male	204	68.0
Age group	18-35	187	62.3
	36-45	71	23.7
	46-55	34	11.3
	56-65	5	1.7
	66+	3	1.0
Marital status	Divorce	3	1.0
	Married	126	42.0
	Single	168	56.0
	Widow	3	1.0
Income group	Low	178	59.3
	Middle	93	31.0
	High	29	9.7

Variable	Category	Frequency (n)	Percentage (%)
Employment status	Formal	111	37.0
	Informal	189	63.0
	Unemployed	116	38.6
Occupation	Civil servants	103	34.3
	Farmer	25	8.3
	Trader	24	8.0
	Artisan	12	4.0
	Student	7	2.3
	Transport worker	5	1.7
	Retiree	4	1.3
	Student	2	0.7
	Lawyer	1	0.3
	Salesman	1	0.3

Note: N = 300 (total respondents after cleaning). Percentages may not sum to 100 due to rounding.
Source: Field survey, 2026

4.2 Distribution of Household Capability Domains

The report of frequency distribution of responses for the five capability domains identified by this study including food security; education; healthcare services; household savings and living standard is showed in Table 2 below:

Table 2: Distribution of household capability domains after fuel subsidy removal

Capability Domain	Response Category	Frequency (n)	Percentage (%)
Food security	Much worst	69	23.0
	Worst	148	49.3
	Same	47	15.7
	Better	36	12.0
Education	Much worst	88	29.5
	Worst	140	47.0
	Same	51	17.1
	Better	19	6.4
Health care	Much worst	65	21.7
	Worst	150	50.0
	Same	64	21.3
	Better	21	7.0
Savings	Much worst	134	44.8
	Worst	121	40.5
	Same	23	7.7
	Better	21	7.0
Living standard	Much worst	62	20.7
	Worst	149	49.7
	Same	61	20.3
	Better	28	9.3

Source: Field survey, 2026. Note: Scores: 1=Much worst, 2=Worst, 3=Same, 4=Better, 5=Much better

Table 3: Capability domains summary

Variable	N	Mean	Min	Max
Capability Index (Overall)	300	2.05	1	4
Food security score	300	2.17	1	4
Education score	298	2	1	4
Health care score	300	2.14	1	4
Savings score	299	1.77	1	4
Living standard score	300	2.18	1	4

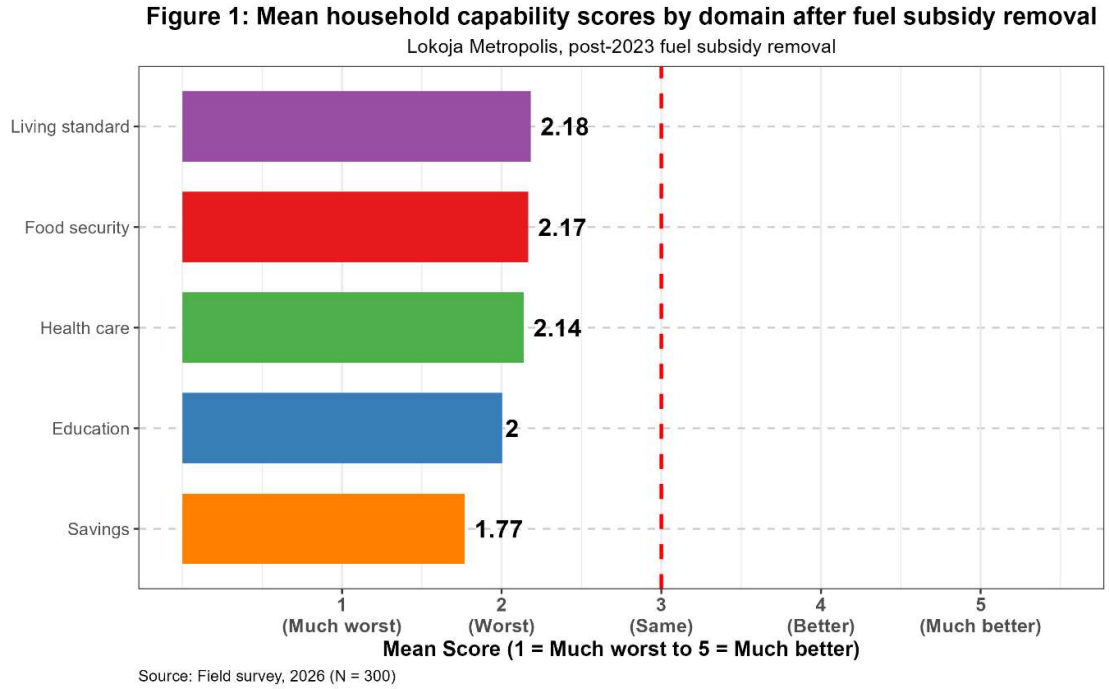


Figure 1: Mean household capability scores by domain after fuel subsidy removal

Figure 1 visualises the mean scores. The overall capability index was 2.05 (Table 3), well below the neutral point of 3. Among the individual domains, the lowest mean was for savings (1.77), followed by education (2.00), health (2.14), food security (2.17) and living standard (2.18). These means indicate that, on average, households moved from "same" to between "worst" and "much worst" after the subsidy removal.

4.3 Effect of Subsidy Removal on Each Capability Domain

A one-sample Wilcoxon signed-rank test was used to test whether the median score for each domain was significantly lower than 3 (the "no change" value). The study revealed that all the five Capability Domains had median scores of 2 of which the Wilcoxon tests produced very large V statistics with p-values <0.001. This Indicate that the subsidy reform significantly recorded decline in all the five household's capability domains identified. It indicates a mean score that ranges from 1.77 to 2.18; showing that household savings emerged the worst relative deprivation as shown below:

Table 4: One-sample Wilcoxon signed-rank test results (test value = 3)

Capability Domain	Median	Mean	Standard Deviation	Wilcoxon V	P-value	Interpretation
Food security	2	2.17	0.92	3,330.0	<0.001	Significant
Education	2	2.00	0.85	1,520.0	<0.001	Significant
Health care	2	2.14	0.83	1,806.0	<0.001	Significant
Savings	2	1.77	0.87	1,501.5	<0.001	Significant
Living standard	2	2.18	0.87	2,492.0	<0.001	Significant

4.4 Most Constrained Capability Dimension

In determining the worst affected capability domains by the 2023 fuel subsidy removal, a Friedman test was conducted. The results are presented in Table 5 below:

Table 5: Friedman test results

chi-squared	Df	P value	Most constrained domain
98.84	98.84	< 0.001	Savings

Table 6: Pairwise comparisons of capability domains (Wilcoxon signed-rank test with Bonferroni correction)

Domain Comparison	Z	P-value (Bonferroni)	Significant (p<0.05)
Education vs Food security	885	0.00	Yes
Education vs Health care	1270	0.00	Yes
Education vs Living standard	2831	0.01	Yes
Education vs Savings	8201	0.00	Yes
Food security vs Health care	2961	1.00	No
Food security vs Living standard	3177	1.00	No
Food security vs Savings	10282	0.00	Yes
Health care vs Living standard	4256	1.00	No
Health care vs Savings	10222	0.00	Yes
Living standard vs Savings	9236	0.00	Yes

Note: *Bonferroni correction applied for 10 comparisons. Statistical significance is indicated where adjusted p-value is less than 0.05. All p-values less than 0.01 have been rounded to 0.00.*

The Friedman test yielded a chi-squared statistic of 98.84 with 4 degrees of freedom and a p-value below 0.001. This provides strong evidence that the five capability domains were not rated similarly; the perceived impact of subsidy removal varied significantly across dimensions of household welfare. To identify which domain was most constrained, the mean scores, median scores, and standard deviations for each domain, were ranked them from lowest mean (most constrained) to highest mean (least constrained). Savings had the lowest mean score (1.77), followed by education (2.01), health care (2.14), food security (2.17), and living standard (2.18). The median score for all domains was 2, indicating that typical responses fell between "worst" and "much worst" for every domain. However, the mean values reveal finer gradations: savings stood out as the domain with the greatest deprivation.

The difference between the highest and lowest mean scores was 0.41 points on a five-point scale, which, while modest in absolute terms, is substantively important given that all means lie below the neutral midpoint of 3.

Post hoc pairwise comparisons using Wilcoxon signed-rank tests with Bonferroni correction, shown in Table 6, confirmed that savings scores were significantly lower than scores for all four other domains. The adjusted p-values for savings compared with food security, health care, living standard, and education were all below 0.001. No significant differences were found among food security, health care, and living standard (adjusted $p = 1.00$ for all pairwise comparisons). Education scores were significantly lower than food security, health care, and living standard (adjusted $p < 0.01$), but significantly higher than savings (adjusted $p < 0.001$). These results confirm that savings was the most constrained domain, followed by education, while food security, health care, and living standard formed a cluster of less severely constrained but still substantially deprived domains.

Thus the hypothesis that food security would be the most constrained domain was not supported. Instead, the erosion of household savings emerges as the most severe capability loss. This finding suggests that when faced with immediate price shocks, households first draw down or stop saving to maintain current consumption of food, health, and education. The depletion of savings, however, reduces long-term resilience and the ability to cope with future emergencies which is a hidden deprivation that conventional consumption-based poverty measures may miss.

4.5 Variation by Income Group and Employment Status

4.5.1 Two-way Analysis of Variance

In examining if the effect of subsidy removal on the overall capability index differed across income groups and employment status, a two-way analysis of variance (ANOVA) was conducted. The model included income group (Low, Middle, High) and employment status (Formal, Informal) as fixed factors, together with their two-way interaction. The dependent variable was the capability index (range 1–5).

Table 7: Two-way ANOVA results for overall Capability Index

Source of Variation	Sum of Squares	Degrees of Freedom	Mean Square	F-value	P-value
(Intercept)	318.30	1	318.30	764.56	0.0000
Income group	1.02	2	0.51	1.23	0.2948
Employment status	3.66	1	3.66	8.79	0.0033
Income group: employment status	0.03	2	0.02	0.04	0.9634
Residuals	122.40	294	0.42		

Table 8: Post-hoc comparisons (Tukey HSD) - Income groups

Income Group Comparison	Mean Difference	95% CI Lower	95% CI Upper	Adjusted P-value	Significant
Middle-Low	-0.2421	-0.4366	-0.0476	0.0101	Yes
High-Low	0.0502	-0.2541	0.3546	0.9201	No
High-Middle	0.2923	-0.0310	0.6156	0.0856	No

Table 9: Comparison by employment status (Independent t-test)

Comparison	Mean (Formal)	Mean (Informal)	t-statistic	Degrees of Freedom	P-value	Significant
Formal vs Informal	1.85	2.17	-4.38	276.64	0	Yes

Table 7 summarises the ANOVA results. The main effect of income group was not statistically significant: $F(2, 294) = 1.23$, $p = 0.295$. This indicates that, after accounting for employment status, the average overall capability index did not differ significantly between low-, middle- and high-income households. In contrast, the main effect of employment status was significant: $F(1, 294) = 8.79$, $p = 0.003$. The interaction between income group and employment status was very small and non-significant ($F(2, 294) = 0.04$, $p = 0.963$), suggesting that the effect of employment status on capability outcomes did not vary by income level.

4.5.2 Post-hoc Comparisons for Income Groups

Although the overall income effect was non-significant, we conducted Tukey HSD post-hoc comparisons as a conservative exploratory step (Table 8). Only one pairwise comparison reached statistical significance: middle-income households had a mean capability index that was 0.24 points lower than that of low-income households (95% CI: -0.44 to -0.05, adjusted $p = 0.010$). No significant differences were found between high-income and low-income households (difference = 0.05, $p = 0.920$) or between high-income and middle-income households (difference = 0.29, $p = 0.086$). The lower capability of middle-income households relative to low-income households is surprising and may reflect measurement issues or the fact that low-income households had lower baseline expectations or different coping strategies. However, given the non-significant main effect, this single significant pairwise comparison should be interpreted with caution.

4.5.3 Independent t-test for Employment Status

Because the ANOVA showed a significant main effect of employment status, we followed up with an independent-samples t-test (Table 9) to compare the mean capability index between formal and informal workers. The test assumed unequal variances (Welch's t-test) because the variance in the formal group was larger than in the informal group. The result was statistically significant: $t(276.6) = -4.38$, $p < 0.001$. The mean capability index for informal workers (2.17) was higher than that for formal workers (1.85). The mean difference was 0.32 points (95% CI: 0.18 to 0.47). This indicates that, contrary to the initial hypothesis, informally employed households reported significantly better capability outcomes after subsidy removal than formally employed households. The direction of this finding warrants careful interpretation. It does not imply that informal workers were unharmed – their mean score of 2.17 still falls between "worst" and "same". It simply suggests that the relative decline was less severe than for formal workers. Possible explanations are explored in the discussion section.

4.5.4 Ordinal Logistic Regression

To complement the ANOVA and t-test, an ordinal logistic regression was estimated. The dependent variable was the overall capability index divided into four ordered categories: severely constrained (index < 2), constrained ($2 \leq$ index < 3), no change (index = 3), and improved (index > 3). Predictors included income group (entered as orthogonal polynomial contrasts: linear and quadratic), employment status (reference = formal), and their

interactions. Age, sex and marital status were included as controls but are not shown in Table 10 because none of them approached statistical significance.

Table 10: Ordinal logistic regression predicting capability deprivation

Predictor Variable	Coefficient	Std. Error	z-value	P-value	Odds Ratio	95% CI Lower	95% CI Upper
Income group (L)	0.388	0.390	1.00	0.3192	1.47	0.69	3.16
Income group (Q)	0.527	0.312	1.69	0.0918	1.69	0.92	3.12
Employment status (Informal)	0.781	0.308	2.53	0.0113	2.18	1.19	4.00
Income group (L) : Employment status (Informal)	-0.066	0.579	-0.11	0.9095	0.94	0.30	2.91
Income group (Q) : Employment status (Informal)	-0.092	0.477	-0.19	0.8473	0.91	0.36	2.33
Severely constrained | Constrained	0.234	0.205	1.14	0.2551	1.26	0.84	1.89
Constrained | No change	2.323	0.252	9.22	0.0000	10.20	6.23	16.71
No change | Improved	2.819	0.279	10.11	0.0000	16.76	9.70	28.94
Note: Reference categories: Income group = Low, Employment status = Formal.							

Table 10 presents the regression results. Employment status (informal versus formal) was the only statistically significant predictor among the independent variables. The coefficient for informal employment was 0.781 (SE = 0.308, z = 2.53, p = 0.011). The corresponding odds ratio was 2.18 (95% CI: 1.19 to 4.00), meaning that informal workers had 2.18 times the odds of being in a higher capability category compared to formal workers, holding income group constant. Neither the linear nor the quadratic term for income group was significant, nor were any of the interaction terms.

The large and high significant threshold coefficients indicate that the ordered categories are well separated on the latent capability scale. The results from the ANOVA, t-test and ordinal logistic regression consistently show that employment status, not income level, is the key factor differentiating household capability after subsidy removal. Moreover, the direction is that informal workers appear less deprived than formal workers. This counter-intuitive finding is discussed in the next section.

5.0 Discussion

This study examined the effects of the 2023 fuel subsidy removal on household capability outcomes in Lokoja-Metropolis; and three main findings emerged from the analysis.

First, the subsidy removal has produced a widespread, statistically significant decline across all five capability domains. The proportion of households reporting “worst” or “much worst” outcomes ranged from 70% to 85% depending on the domain. These evidences reflect a consistent pattern with recent studies in other climes in Nigeria. Niagwan & Maigari (2024) revealed that fuel subsidy removal has high socioeconomic repercussions on households in Jos metropolis especially as regards income earnings, food and transportation costs. Similarly, Ozuma (2025) revealed severe consequences on small and medium enterprises business capital and profit margin in Otukpo LGA, Benue State. The present study extends these findings by applying a capability framework, revealing that the decline is not only in consumption but in the substantive freedoms to achieve basic functioning.

Secondly, contrary to the hypothesis that food security would be the most constrained domain, household savings emerged as the most severely affected capability. The mean savings score was only 1.77, significantly lower than the scores for food security (2.17) and

health (2.14). One plausible explanation is that when faced with immediate price shocks, households first cut back on saving rather than on food or health. They may have drawn down existing savings or ceased any form of saving altogether to maintain current consumption. This finding has important policy implications: government palliatives focused only on food or transport may miss the long-term vulnerability created by the depletion of household savings. This is because savings enables households to withstand the challenges of livelihoods that may arise as a result of economic uncertainties and extreme weather conditions that could affect their welfare (Oluwa & Uke, 2024; Oigochie et al., 2025).

Thirdly, the effect of subsidy removal varied by employment status but not by income group as expected. Surprisingly, informal workers reported significantly higher capability indices than formal workers, and ordinal logistic regression showed that informal employment was associated with higher odds of being in a better capability category. This finding could be informed by the fact while formal sector employment is largely associated with fixed income which it value can be eroded due to the rising cost of living occasioned by the reform; whereas, informal sector workers like commercial transporters, artisans and labourers can immediately adjust their fare to reflect the current economic realities in a manner that it could cushion the effects of the reforms on their households. Fourthly, the high proportion of unemployed persons (38.6%) in the sample may have been classified as informal, but many of them rely on family support or remittances that might be less affected by transport price changes. Further qualitative research would be needed to unpack these unexpected patterns. The non-significant effect of income group in the ANOVA and ordinal regression is noteworthy. This infers that in Lokoja Metropolis, post-subsidy removal capability deprivations were not evidently determined by households/individuals' income level. This is because the study showed that low-income households were not worse affected than middle and high-income households. Reason might be that shocks that emerged from the reform affected every household especially those that are used to living a luxury life style.

From the above analysis, it is obvious that the subsidy reforms triggered capability deprivations that mitigating them would transcends the provision of mere palliative relieves. Instead, critical capabilities domain like household savings must be improved upon to enable households handled future welfare shocks conveniently. Secondly, formal workers remunerations must be promptly paid and adjusted to reflect new economic realities to enable a reasonable social protection for them so as to reduce their level of vulnerability like their counterparts in the informal employment who could easily adjust their charges in line with economic changes. Thirdly, the savings from the said subsidy must be immediately and transparently utilised to provide the needed infrastructure and social services to the citizenry as a way of resolving the discontent that might have arose as a result of the reform; and also boost the confidence of the citizenry.

6.0 Conclusion

The removal of fuel subsidies in 2023 has had profound consequences for household welfare in Lokoja Metropolis. This study, grounded in the capability approach, revealed that households experienced significant deprivation across multiple domains, with savings and food security emerging as the most severely affected. The socio-demographic profile of respondents—predominantly young, low-income, and reliant on informal employment—underscored the vulnerability of households to economic shocks and highlighted the precarious nature of livelihoods in the city.

The findings demonstrate that subsidy reform, while fiscally rational, has disproportionately burdened households already constrained by limited income and unstable employment. Immediate interventions such as savings-based palliatives and wage

adjustments are necessary to cushion the harshest effects, while medium-term investments in public transport and agricultural value chains can help stabilise food security and living standards. In the long run, institutional reforms that embed capability-based indicators into national surveys and strengthen monitoring and evaluation mechanisms will be critical to ensuring that social protection measures are both inclusive and effective.

In sum, this study contributes to the broader debate on subsidy reform in Nigeria by demonstrating its multidimensional impact on household capabilities. It calls for a recalibration of policy responses that go beyond short-term relief to address structural vulnerabilities, thereby safeguarding household resilience and promoting inclusive development in the post-subsidy era.

6.1 Recommendations

Immediate Policy Actions

In the short run, government interventions must directly cushion households against the sharpest effects of subsidy removal. First, targeted savings schemes should be introduced as part of palliative measures, enabling households to build financial buffers against sudden shocks. This would complement existing food and transport subsidies by addressing the erosion of household resilience. Second, employers in both the public and private sectors should implement cost-of-living salary adjustments and ensure timely payment of wages. Delayed salaries force households into high-interest borrowing, worsening deprivation, and therefore immediate reforms in wage administration are essential.

Medium-Term Policy Actions

Beyond urgent relief, medium-term measures should strengthen household capabilities through broader coverage and inclusivity. Universal or near-universal palliatives, rather than narrowly means-tested programmes, would ensure that the majority of low-income households benefit from government support. This approach recognises the widespread vulnerability revealed in the survey. Additionally, investments in intra-city public transport and agricultural value chains should be prioritised. Reducing transport costs can directly ease food insecurity, while strengthening agricultural supply chains will stabilise food prices and improve household welfare.

Long-Term Policy Actions

For sustainable impact, long-term reforms must embed resilience into national policy frameworks. First, the government should introduced capability-based welfare indicators in its future household's survey and targeting in order to encompass the critical capability domains. This will provide a multidimensional understanding of deprivation and guide evidence-based policymaking. Second, institutionalising robust monitoring and evaluation mechanisms for government palliatives is critical. Transparent systems will ensure that interventions reach intended beneficiaries and address the full spectrum of capability domains, thereby enhancing accountability and long-term policy effectiveness.

6.2 Suggestions for Future Research

Building on the findings of this study, several avenues for future research are recommended to deepen understanding of household capability deprivation in the context of fuel subsidy reform.

1. **Longitudinal and Comparative Studies:** Future studies are suggested to track and compare the same households before and after major reforms. This would enabled a stronger causal inference and minimise the recall bias inherent in cross-sectional

surveys. Also, replicating the studies in the rural areas and other similar climes would also enable the generalisability of the findings across different socio-economic and geographic contexts**.**

2. **Exploring Informal versus Formal Employment Outcomes:** There is need to unravel the reasons why informal workers are reported to be better in capability outcomes than the formal sector employees. To achieve this, mixed-methods approaches, including quantitative surveys, KIIs and FGDs are suggested to uncover the reasons

3. **Political Economy of Palliative Delivery:** Further investigation into the political economy of palliative programmes is essential. Research should interrogate why targeting failures and delivery gaps persist, despite government interventions. Such studies could explore institutional weaknesses, governance challenges, and community-level dynamics that shape the effectiveness of social protection measures.

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