



# **Impact of Fuel Subsidy Removal on Low-Income Households, Micro Businesses, and Humanitarian Operations in Jere, MMC, and Damboa LGAs, Borno State**

**Conducted by**

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# Presentation Overview

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# About Nigeria Analysis Team (NAT)

- ...dedicated unit positioned to inform BEGE program teams and the wider humanitarian community on rapidly evolving context to inform decision-making at all levels of response;
- ...plays a key role in shedding light on the reality on the ground and tackles the questions that are relevant to stakeholders involved in the NE response to inform, policy, and advocacy work;
- ...provides regular monthly context updates, thematic reports, flash reports, contextual reports, Predictive Analytics/Scenario Planning, and Conflict Sensitivity Reviews;
- ...analyses are performed using primary and secondary data – KIIs, IDIs, FGDs, Observations, Quantitative Interviews, Media Reports, Rumor Tracking, Social Media Monitoring, and Desk research.

# Background

- During President Bola Ahmed Tinubu's inauguration speech on May 29, he declared that the national subsidies on petroleum derivatives would be lifted and funds would be re-channeled towards supporting public infrastructure, education, healthcare, and job creation.
- The subsidy removal was effected a few days later.
- Citizens and residents in Nigeria have expressed concern over the effect of removing fuel subsidies, specifically regarding their livelihoods and standard of living.
- Taking this into account, NAT conducted a flash assessment on the immediate impact of the fuel subsidy removal, focusing on low-income households, micro-businesses, and humanitarian/development organizations in Borno State

**Fuel Subsidy is gone — Tinubu declares**

# Method

- The assessment was conducted from June 3 to June 6, 2023
- Focus Group Discussions (FGDs) were conducted with low-income households and smallholder farmers.
- Key Informant Interviews (KIIs) were also conducted with micro business owners, public transport professionals, and humanitarian aid workers within the study locations.

# Key Findings

## 1. Increase in Cost of Food Items and Transportation Fares

- One week after President Tinubu announced on May 29 that fuel subsidies will be lifted, the average cost of food items in Borno State had increased by 36%, and transportation fares by 78%.

SN	ITEM	Before Subsidy Removal (NGN)	After Subsidy Removal (NGN)	% increase
1	Cost of 1 bag of Maize in Damboa	17,000	19,500	15%
2	Cost of 1 full bag of Maize in Jere	30,000	37,000	23%
3	Cost of a measure of Maize in MDG	800	1,050	31%
4	Cost of a measure of Rice in MDG	950	1,200	26%
5	Cost of a measure of Rice in Damboa	900	1,250	39%
6	Cost of a drop of Keke Napep from Market to Shop in Jere	500	1,300	160%
7	Cost of transporting a bag of grinded maize from Biu LGA to MDG	2,500	4,000	60%
8	Cost of Tractor Hire in Jere	20,000	50,000	150%
9	Cost of a measure of guinea corn in Jere	300	600	100%
10	Wages for farm labourers in Jere	300	700	133%
11	Cost of transporting a bag of maize from MDG to Gwoza	700	1,200	71%
12	Cost of transportation from MDG to Gwoza	25,000	35,500	40%
13	Cost of a drop using Keke Napep in MDG	100	150	50%
14	Waybill for a small bag of beans	7,000	12,000	71%
15	Waybill for a small pack of dry fish	5,000	9,000	80%

# Key Findings – cont'd

## 2. Negative Impact on Livelihoods and Standard of Living

- Low-income households report that their livelihoods and standard of living have been heavily impacted by the fuel subsidy removal.
- Many customers can no longer afford to buy the same quality and quantity of food and non-food items as before the subsidy was lifted.

"The fuel subsidy removal has placed me in more hardship than before. Prices of everything have increased. It started with the hike in transportation and later food commodities and non-food items. It has not been easy on us here. Food theft has increased in the community due to hunger. With the increase in transport [costs], getting menial jobs is becoming difficult, especially if it involves taking transport".

– FGD, Low-Income Households, Jere LGA.

## Key Findings – cont'd

### 3. Businesses are experiencing lower sales and profits.

- High transportation costs are having a ripple effect on the prices of food and non-food items, leading to reduced income for business owners and lower purchasing power for customers.

**“The increase in petrol prices has affected my business because the prices of what I buy have increased. My sales are now low because I have increased prices. I now buy on credit to stock so I can remain in business”  
– KII, Owner – A Small Business, Maiduguri.**

- According to public transport operators, all public and private vehicle users are affected by the fuel subsidy removal irrespective of socio-economic status.
- Most of the transporters are concerned about whether their transportation businesses will remain viable amid higher fuel costs that are resulting in fewer passengers, lower daily income, and tighter profit margins.

**For example, before, we were loading 9 to 10 cars daily to Kano in this park, but we hardly load two cars now!”  
– KII, Public Transporter, Maiduguri**



## Key Findings – cont'd

### 4. Same or Reduced Income Level; Increase in Petty Theft & Hunger; Resorting to Walking Long Distances

- Income levels have either reduced or remained unchanged in Borno State since the removal of fuel subsidies.
- Petty theft and hunger are growing at the community level.
- More people are resorting to walking long distances instead of using motorized transport.
- Some students have stopped attending school due primarily to high transportation costs.

“The increase in fuel prices has changed my standard of living. My children will stay at home most of the time because of the transport cost, which is becoming unaffordable. My source of livelihood has not increased but rather is reducing”

– KII, Micro Business Owner, Damboa LGA

## Key Findings – cont'd

### 5. Smallholder farmers are faced with higher costs of farm inputs and labour; considering reducing the size of cultivated plots.

- Smallholder farmers are now contending with high seed, fertilizer, and other farm input prices.
- As a coping strategy, some farmers are considering reducing the amount of land they cultivate during this growing season.

...yesterday, we took laborers to work on our farms, and when we got there, they refused to work, saying that we must increase their wages from NGN 300 to 700, or else they will not work due to the increase in transportation cost and food commodities. We eventually had to pay them 700 since we have already paid for their transportation fare and food”  
– FGD, Smallholder Farmers, Jere LGA.

## **Key Findings – cont'd**

### **6. Aid & Development Orgs. in Nigeria are also affected! Beneficiaries believe that Aid Org. will reduce the size of intervention to maintain operations.**

- Senior Aid workers interviewed in MDG and Damboa LGAs indicated that both Humanitarian and Development organizations have already been affected by the fuel subsidy removal.
- The increased costs of fuel and transportation have a direct impact on humanitarian operations.
- Respondents from beneficiary communities said they believe organizations will reduce their aid, and the number of beneficiaries to maintain operations.

**“...humanitarian organizations will be affected, as they are also buying things within the same markets and are likely to reduce aid and the number of beneficiaries, but I hope they will still do their best, no matter the situation”**

**– KII, Owner - Micro Business, Jere LGA**

## **Key Findings – cont'd**

### **7. INGOs to Conduct Needs Assessment to Understand & Identify Current Gaps and Challenges, focusing on harm reduction**

- Interviewed aid workers indicated that NGOs should adjust their budgets and programming to account for the new economic dynamics, reexamine logistics planning and implementation, and prioritize interventions focusing on livelihoods.
- NGOs should conduct a needs assessment to understand and identify gaps, modalities, and challenges facing vulnerable communities to ensure that programming changes will not have sustained adverse effects.
- Protection for women and girls was mentioned as a focus area of attention as fuel subsidy removal could have a great effect on these groups and incentivize negative coping strategies.

## **Products to Watch Out for:**

- Assessment of farmers' awareness and preparedness for flooding and its forecast impact on food security.
- Follow-up assessment on the impact of fuel subsidy removal and floating exchange rate.

# Contact

For Further Enquiries, Contact:

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A photograph of a wooden bridge with moss-covered railings, set in a lush, green forest. The bridge is made of wooden planks and has railings made of logs, all covered in vibrant green moss. Sunlight filters through the dense canopy of trees, creating a dappled light effect on the bridge and the surrounding foliage. The overall atmosphere is serene and natural.

*Thank You!*