



**OIL SUBSIDY REMOVAL AND PUBLIC SERVICE DELIVERY IN EKITI STATE,  
 NIGERIA**

**BY**

**ADEJORO, Olukayode Abayomi & EGBEWOLE Isiaka Kolawole**

Department of Public Administration, Faculty of Management Sciences,  
 Federal University Oye-Ekiti

*The study examined the impact of the removal of oil subsidy on public service delivery in Ekiti State, it also assessed the impact of the subsidy removal on transportation costs in the study area; It further evaluated the effect of the removal of subsidy on healthcare service delivery in Ekiti State and analysed the influence of oil subsidy removal in the state education sector. These were with a view to providing information on the consequences of the oil subsidy removal on public service delivery in Ekiti State. Primary and Secondary data were used for the study. Using a mixed-methods approach, the research combines quantitative data from household surveys and sectoral records with qualitative insights from stakeholder interviews. Results indicate that transportation costs surged significantly ( $p < 0.01$ ), limiting mobility for residents and increasing logistical expenses for public services. In healthcare, rising fuel costs led to a 25% reduction in rural patient visits and a notable increase in operational costs for medical facilities ( $p < 0.05$ ). The result also showed that the education sector experienced a downturn, with school attendance rates declining by 15% among rural students due to elevated transport costs ( $p < 0.05$ ). The findings underscore the exacerbation of socio-economic disparities, particularly affecting vulnerable populations in rural areas. The study concluded that reallocating savings from subsidy removal into infrastructure development and targeted social programs could mitigate these negative outcomes. Transparent governance and strategic investments in rural electrification and transportation networks are essential to balance short-term hardships with long-term developmental gains.*

**Keyword:** Oil Subsidy Removal, Ekiti, Transportation Cost, Healthcare Service ,Education Sector

## **INTRODUCTION**

Ekiti, known for its predominantly rural population, faces significant challenges in public service delivery, particularly in sectors such as education, healthcare, and infrastructure. The state, like many others in Nigeria, relies heavily on federal allocations for its budget, which makes up a substantial portion of the state's revenue (Ekiti State Government, 2023). This makes the consequences of the subsidy removal particularly impactful, as rising oil prices directly influence transportation costs, public sector operations, and the cost of goods and services (Ogunleye, 2023).

The state's transportation network, largely dependent on road transport, is particularly sensitive to fluctuations in oil prices. Transportation in Ekiti is key not only for mobility but also for the functioning of businesses and access to essential services such as education and healthcare (Ekiti State Ministry of Works, 2023). Additionally, oil prices have a direct bearing on the state's small and medium enterprises, which are critical to the local economy. The oil subsidy removal is expected to influence these enterprises in terms of increased operating costs, which could affect the cost of goods and services within the state (Ogunleye, 2023).

At the governmental level, the removal of the subsidy has opened a potential window for Ekiti's leadership to reassess the state's fiscal policies and prioritize investments in key areas like infrastructure, health, and education. Governor BiodunOyebanji, who took office in 2022, has outlined his commitment to developing the state by focusing on improving public service delivery through targeted infrastructure projects, particularly in rural electrification, healthcare, and education (Ekiti State Government, 2023). The state government has suggested that the removal of the subsidy could lead to a reallocation of resources that would boost these critical sectors, though the realization of such goals will depend on the effective management of resources and the implementation of sound governance practices (Adepoju, 2023).

While the subsidy removal presents opportunities for fiscal restructuring, it also requires careful attention to the socio-economic context in Ekiti. The state, with a relatively low rate of industrialization,



relies heavily on agricultural activities, which are highly dependent on transport infrastructure (Ekiti State Ministry of Works, 2023). Rural areas, where the majority of the population resides, often face challenges in accessing quality services due to poor road conditions and limited infrastructure development (Ogunleye, 2023). In this regard, the subsidy removal can serve as a catalyst for addressing long-standing infrastructural deficits in Ekiti. However, the success of such initiatives will depend on whether the redistribution of funds from the subsidy removal is used transparently and effectively to address these deficits, amidst lingering public skepticism over the government's ability to deliver on its promises (Ibrahim, 2023).

#### **Statement of the Problem**

Ekiti's socio-economic fragility, characterized by agrarian dependence, rural dominance, and limited industrialization, makes it a microcosm of the challenges faced by similar states in Nigeria. The state's heavy reliance on federal allocations amplifies the urgency of understanding how subsidy removal disrupts essential services. The study's mixed-methods approach, combining quantitative surveys with qualitative insights, offers a nuanced understanding of sectoral linkages and governance responses, filling a methodological gap in prior research. By centering on Ekiti, this study not only complements national analyses but also provides actionable insights for policymakers to design targeted interventions that mitigate adverse effects while leveraging potential long-term benefits

#### **Objectives of the Study**

The broad objective of this study is to examine the impact of the removal of oil subsidies on public service delivery in Ekiti State, Nigeria. The specific objectives are to:

- i. assess the impact of oil subsidy removal on transportation costs in Ekiti State.
- ii. evaluate the effect of oil subsidy removal on the delivery of healthcare services in Ekiti State.
- iii. analyse the influence of oil subsidy removal on the state's education sector.

#### **Research Questions**

In order to address the identified problems, the study will focus on the following research questions:

- i. What is the extent to which oil subsidy removal has affected transportation costs in Ekiti State?
- ii. How has the oil subsidy removal impacted the delivery of healthcare services in Ekiti State.?
- iii. What ways has the oil subsidy removal influenced the education sector in Ekiti State?

#### **Research Hypotheses**

The null hypotheses for the objectives provided:

**Hypothesis 1:** There is no significant relationship between oil subsidy removal and transportation cost in Ekiti State.

**Hypothesis 2:** There is no significant relationship between oil subsidy removal and healthcare service delivery in Ekiti State.

**Hypothesis 3:** There is no significant relationship between oil subsidy removal and the state education sector in Ekiti State



### **Conceptual Review**

#### **Oil Price Increase and Transportation Cost, Healthcare Services, and Education Sector in Ekiti State**

In Ekiti State, where transportation infrastructure is underdeveloped compared to urban areas, the increase in oil prices disproportionately affects residents in rural communities who must travel long distances to access basic services. A study by Bello (2014) found that rural areas in Nigeria experience more severe economic disruptions following oil price hikes due to the lack of adequate public transportation options. In Ekiti, where commuting options are limited, higher oil prices significantly impact the mobility of students, teachers, and healthcare workers, making it more difficult to attend school, go to work, or seek medical care.

Healthcare in Ekiti State is heavily dependent on access to transportation, as many rural residents must travel long distances to reach healthcare facilities. Oil price increases directly affect the affordability of transportation to these medical facilities. As oil prices rise, transportation fares increase, which can limit the ability of individuals to access healthcare services. According to Asante et al. (2017), higher oil costs exacerbate healthcare challenges, particularly in rural areas, where access to healthcare is already constrained by limited infrastructure and a shortage of healthcare workers. In Ekiti State, where many healthcare centers are located far from rural communities, the increased transportation costs can discourage individuals from seeking medical treatment, resulting in untreated health conditions and increased morbidity.

Additionally, the higher transportation costs can affect healthcare workers' mobility. Healthcare professionals in Ekiti State, like other regions in Nigeria, often work in rural areas where medical facilities are underfunded and understaffed. As oil prices rise, healthcare workers may face difficulties commuting to these areas, leading to higher absenteeism and a decrease in the availability of essential medical services. According to Adeniran et al. (2017), healthcare workers in rural Nigeria often rely on personal vehicles or public transportation, and rising oil costs can discourage them from traveling to underserved areas. This creates a vicious cycle in which both healthcare access and delivery suffer, leaving the most vulnerable populations in rural Ekiti without adequate medical care.

Moreover, the cost of healthcare delivery itself is indirectly affected by oil price increases. Medical facilities in Ekiti, especially those in remote areas, rely on oil to power generators for electricity, especially in places where the national grid is unreliable. As oil prices increase, the cost of running these generators rises, consuming a larger portion of the healthcare budget. This diverts funds away from other critical areas, such as the procurement of medicines, medical equipment, and salaries for staff. Adebayo (2017) noted that many health facilities in Ekiti already face financial constraints, and the rising costs of operational activities due to oil price increases can worsen the situation, undermining the quality of healthcare services provided.

The education sector in Ekiti State, like many other regions in Nigeria, is deeply impacted by the broader economic environment, including oil price increases. Rising oil prices lead to higher transportation costs for students and teachers alike. In a state where many students must travel from rural areas to attend school, the increased cost of transportation can create a barrier to education, particularly for students from low-income households. A study by Bello (2014) highlighted that oil price increases often lead to a drop in school attendance, particularly in rural areas, where public transportation is scarce, and students rely on personal means of transportation. As transportation costs increase, students may be unable to afford the daily commute to school, leading to higher absenteeism and, in some cases, school dropouts.

In addition to impacting student attendance, rising oil prices also affect the ability of teachers to commute to schools, especially in rural areas. Teachers in Ekiti, like other rural regions in Nigeria, often travel long distances to reach schools, and the increased cost of oil can discourage them from teaching in underserved areas. Adebayo (2017) noted that teachers in rural parts of Nigeria frequently experience financial difficulties when oil prices rise, as their transportation costs consume a large portion of their salaries. As a result, some teachers may abandon their posts or refuse to work in more remote schools, exacerbating the teacher shortage problem in rural Ekiti. This can negatively affect the quality of education, as overcrowded classrooms, lack of resources, and insufficient staff hinder effective teaching and learning.



Furthermore, the indirect effects of oil price increases on household budgets can also contribute to educational inequalities in Ekiti State. As oil prices rise, the cost of living increases, leaving families with less disposable income to spend on school-related expenses such as uniforms, textbooks, and school fees. According to Oseni (2018), families in Nigeria are often forced to make difficult decisions between basic necessities and educational costs, and the rise in oil prices can make education less affordable, particularly for low-income families. In Ekiti, where the education sector is already struggling with limited funding, the combination of rising transportation costs and reduced family income can exacerbate educational disparities and hinder access to quality education for vulnerable children.

### **Theoretical Review**

The Public Choice Theory, developed by James Buchanan and Gordon Tullock in their seminal work "The Calculus of Consent" (1962), revolutionized the field of economics and political science by introducing the concept of analyzing political decision-making using economic tools.

This theory posits that politicians and government officials, like any other economic agents, are motivated by self-interest and respond to incentives. The Public Choice Theory challenges the traditional view of government as a benevolent, omniscient entity, instead portraying it as a complex system influenced by individual interests and institutional constraints.

The importance of the Public Choice Theory lies in its ability to explain how political decisions are made, often resulting in inefficient or suboptimal outcomes. By applying economic principles to political decision-making, the theory provides valuable insights into the behavior of politicians, bureaucrats, and special interest groups.

Several scholars have built upon and supported the Public Choice Theory over the years. Notable contributors include Anthony Downs (1957), who developed the concept of "rational ignorance," and Mancur Olson (1965), who introduced the idea of "collective action problems."

Despite its significance, the Public Choice Theory has faced criticism and challenges. Some argue that the theory oversimplifies the complexity of political decision-making and neglects the role of institutions and social norms. Others contend that the theory's focus on individual self-interest overlooks the possibility of altruistic behavior among politicians and government officials.

In the context of oil subsidy removal and public service delivery in Ekiti State, Nigeria, the Public Choice Theory offers valuable insights. The theory can help explain how political decisions regarding oil subsidy removal are made, and how these decisions may be influenced by individual interests, special interest groups, and institutional constraints. For instance, the theory can shed light on why politicians may resist removing oil subsidies, despite the potential economic benefits, due to fear of losing political support or facing opposition from special interest groups.

Moreover, the Public Choice Theory can inform the design of policies aimed at improving public service delivery in Ekiti State. By understanding the incentives and motivations of politicians and government officials, policymakers can create institutions and mechanisms that promote accountability, transparency, and efficient decision-making. For example, the theory suggests that policymakers can use mechanisms like performance-based budgeting and citizen participation to align the interests of politicians and government officials with those of the citizens.

In conclusion, the Public Choice Theory provides a valuable framework for understanding the complexities of political decision-making and its implications for public policy. By applying the insights of this theory, policymakers and researchers can better navigate the challenges of oil subsidy removal and public service delivery in Ekiti State, Nigeria.

### **Empirical Review**

Akinwale and Aluko (2021) investigated the impact of oil subsidy removal on transportation costs and broader economic activities in Nigeria. The study sampled 500 respondents across Lagos and Oyo states using stratified random sampling, and quantitative data were analyzed using descriptive and inferential statistics. The results indicated that the removal of oil subsidies resulted in an average increase in transportation costs by over 30%, significantly affecting urban and rural mobility. This rise in transportation costs led to higher operational costs for businesses that rely on transportation for logistics. The study suggested that while subsidy removal might reduce fiscal pressure on the government, the

increase in transportation costs exacerbates poverty and income inequality, especially in rural regions where transportation infrastructure is inadequate.

Ogunleye and Aluko (2022) studied the effects of oil subsidy removal on the education sector in Ghana. Using a sample of 250 respondents from both urban and rural schools, they employed both qualitative and quantitative methods to collect data on how rising oil prices affected transportation and the overall cost of schooling. The study found that oil price increases led to a 20% rise in transportation costs for students, making it more difficult for families in lower-income brackets to afford schooling. Additionally, schools in rural areas were severely impacted by rising operational costs, particularly regarding the transportation of educational materials and the availability of school buses. The study concluded that oil subsidy removal placed a significant financial burden on both students and educational institutions, leading to a decrease in student attendance, especially in rural regions. The research suggested that the Ghanaian government should consider compensatory policies to mitigate the burden on families, such as targeted cash transfers or subsidies for transportation. The findings provide insights into the challenges Nigeria might face, especially in states with limited infrastructure and high poverty levels.

Adeniran and Akinmoladun (2022) explored the long-term effects of subsidy removal on public service delivery in Nigeria, specifically in terms of infrastructure, education, and healthcare. The study, which focused on Lagos, Ogun, and Kano states, employed a mixed-methods approach using survey data from 600 respondents and qualitative interviews with policymakers. The study found that while the immediate effects of subsidy removal were challenging, including increased transport and energy costs, the long-term potential for reinvesting the savings into infrastructure development and social welfare programs could lead to improved public services. The study noted that states with stronger governance structures and fiscal management practices were better able to reallocate the subsidy savings to education and healthcare, leading to improvements in service delivery. The study concluded that while Nigeria's public service delivery would benefit from the removal of subsidies in the long run, short-term measures such as targeted cash transfers for vulnerable populations were necessary to cushion the negative impacts.

## RESEARCH METHODS

### Research Design

This study adopts a descriptive research design, which is particularly suitable for examining the relationship between oil subsidy removal and the delivery of public services. Descriptive research aims to describe the existing state of affairs without manipulating any variables, allowing for a comprehensive understanding of the current context. By using this design, the study systematically examined how the removal of oil subsidies has affected the cost and availability of public services, providing a clear picture of the impact on the community. This approach is essential for identifying trends and patterns in the responses of the Nigerian government, particularly in Ekiti State, to these emerging challenges, thus offering valuable insights for policymakers and stakeholders.

## RESULT AND DISCUSSION OF FINDINGS

### Oil Subsidy Removal and Transportation Costs in Ekiti State

| SN | Statements                                                                                      | SD (%):<br>Strongly<br>Disagree | D (%):<br>Disagree | N (%):<br>Neutral | A (%):<br>Agree | SA (%):<br>Strongly<br>Agree |
|----|-------------------------------------------------------------------------------------------------|---------------------------------|--------------------|-------------------|-----------------|------------------------------|
| 1  | The removal of the oil subsidy has significantly increased transportation costs in Ekiti State. | 20 (5%)                         | 39 (10%)           | 59 (15%)          | 157 (40%)       | 118 (30%)                    |
| 2  | Public transport fares have become less affordable due to oil subsidy removal.                  | 39 (10%)                        | 39 (10%)           | 39 (10%)          | 177 (45%)       | 98 (25%)                     |
| 3  | The rise in transportation costs has forced many people to change their means of commuting.     | 59 (15%)                        | 79 (20%)           | 79 (20%)          | 118 (30%)       | 59 (15%)                     |
| 4  | The cost of transporting goods has risen considerably, impacting local businesses.              | 20 (5%)                         | 59 (15%)           | 39 (10%)          | 196 (50%)       | 79 (20%)                     |



|   |                                                                                                           |          |           |           |           |          |
|---|-----------------------------------------------------------------------------------------------------------|----------|-----------|-----------|-----------|----------|
| 5 | Rural areas in Ekiti State are more affected by transportation cost increases than urban areas.           | 39 (10%) | 39 (10%)  | 59 (15%)  | 177 (45%) | 79 (20%) |
| 6 | Increased transportation costs have affected access to public services like healthcare and education.     | 20 (5%)  | 39 (10%)  | 59 (15%)  | 196 (50%) | 79 (20%) |
| 7 | Government interventions to stabilize transportation costs have been effective since the subsidy removal. | 79 (20%) | 118 (30%) | 118 (30%) | 59 (15%)  | 20 (5%)  |

*Field Survey (2024).*

The data provides a detailed assessment of respondents' perceptions regarding the effects of oil subsidy removal on transportation costs in Ekiti State. The responses highlight varying degrees of agreement and disagreement with each statement, showcasing the population's experiences and opinions on the issue.

A majority of respondents (70%) agree or strongly agree that the removal of the oil subsidy has significantly increased transportation costs, with 40% agreeing and 30% strongly agreeing. A smaller portion remains neutral (15%), while 15% (5% strongly disagree and 10% disagree) do not perceive significant cost increases. This indicates a strong consensus that transportation costs have risen.

The data reflects a substantial impact on the affordability of public transport fares, as 70% agree (45%) or strongly agree (25%) that fares have become less affordable. Only 30% hold differing views, with equal portions (10% each) strongly disagreeing, disagreeing, or remaining neutral. This trend underscores a perceived challenge in accessing affordable transportation.

Opinions are more evenly distributed regarding changes in commuting habits. While 45% of respondents agree (30%) or strongly agree (15%) that the rise in transportation costs has forced people to change their means of commuting, 40% are either neutral (20%) or disagree (20%). This suggests that while many have adapted their commuting habits, a significant portion has not experienced this effect.

There is strong agreement (70%) that the cost of transporting goods has risen considerably, negatively impacting local businesses. This includes 50% who agree and 20% who strongly agree. Only 30% expressed differing views, with 15% disagreeing, 10% neutral, and 5% strongly disagreeing. These figures indicate widespread acknowledgment of the financial strain on businesses.

The perception that rural areas are more affected by transportation cost increases than urban areas is shared by 65% of respondents (45% agree, 20% strongly agree). Neutral and opposing views are less prevalent, with 10% each disagreeing or strongly disagreeing and 15% neutral. This highlights a consensus on the disproportionate impact on rural communities.

Half of the respondents (50%) agree, and an additional 20% strongly agree, that increased transportation costs have affected access to public services such as healthcare and education. Meanwhile, 30% are divided across neutral (15%), disagree (10%), and strongly disagree (5%) responses. The data emphasizes the barriers to accessing essential services due to higher costs.

The responses indicate skepticism regarding the effectiveness of government interventions to stabilize transportation costs. While only 20% agree and 5% strongly agree, a notable 60% disagree (30%) or strongly disagree (20%). Another 30% remain neutral, reflecting divided opinions but a dominant belief that interventions have not been effective.

The data underscores significant challenges posed by the removal of the oil subsidy on transportation costs, with a majority of respondents highlighting increased costs, reduced affordability, and negative impacts on businesses and public service access. However, opinions are mixed on commuting behavior changes and the effectiveness of government interventions, suggesting areas for further policy focus and action.

**Oil Price Increases and Delivery of Healthcare Services in Ekiti State**

| SN | Statements                                                                    | SD (%)  | D (%)    | N (%)    | A (%)     | SA (%)   |
|----|-------------------------------------------------------------------------------|---------|----------|----------|-----------|----------|
| 1  | Oil price increases have led to higher costs for healthcare service delivery. | 20 (5%) | 39 (10%) | 59 (15%) | 177 (45%) | 98 (25%) |



|   |                                                                                                         |             |              |             |              |             |
|---|---------------------------------------------------------------------------------------------------------|-------------|--------------|-------------|--------------|-------------|
| 2 | Healthcare facilities are struggling to afford operational costs due to rising oil prices.              | 39<br>(10%) | 79<br>(20%)  | 59<br>(15%) | 138<br>(35%) | 79<br>(20%) |
| 3 | Ambulance services and other emergency transport systems have become more expensive to operate.         | 20<br>(5%)  | 39<br>(10%)  | 59<br>(15%) | 196<br>(50%) | 79<br>(20%) |
| 4 | Higher oil prices have caused delays in the delivery of medical supplies in Ekiti State.                | 39<br>(10%) | 59<br>(15%)  | 79<br>(20%) | 138<br>(35%) | 79<br>(20%) |
| 5 | Increased costs have reduced the accessibility of affordable healthcare for low-income households.      | 20<br>(5%)  | 59<br>(15%)  | 59<br>(15%) | 157<br>(40%) | 98<br>(25%) |
| 6 | The quality of healthcare services has been negatively affected due to financial strain from oil costs. | 39<br>(10%) | 59<br>(15%)  | 79<br>(20%) | 138<br>(35%) | 79<br>(20%) |
| 7 | There are adequate government policies to mitigate the effects of oil price increases on healthcare.    | 79<br>(20%) | 118<br>(30%) | 98<br>(25%) | 59<br>(15%)  | 39<br>(10%) |

#### *Field Survey (2024).*

The data provides insights into the perceived effects of oil price increases on healthcare service delivery in Ekiti State, revealing areas of significant concern and mixed opinions on policy effectiveness.

A strong majority of respondents (70%) agree (45%) or strongly agree (25%) that oil price increases have led to higher costs for healthcare service delivery. A smaller proportion remains neutral (15%), while only 15% (5% strongly disagree and 10% disagree) express dissenting views. This indicates a widely acknowledged challenge in maintaining affordable healthcare amid rising oil prices.

The data shows that 55% of respondents agree (35%) or strongly agree (20%) that healthcare facilities are struggling with operational costs due to rising oil prices. However, a notable 30% disagree (20%) or strongly disagree (10%), and 15% remain neutral. This division suggests varying experiences or perceptions about the operational strain on healthcare facilities.

There is strong consensus (70%) that ambulance services and other emergency transport systems have become more expensive to operate. Half of the respondents (50%) agree, and 20% strongly agree. A smaller segment holds neutral (15%), disagree (10%), or strongly disagree (5%) positions, reflecting near-universal acknowledgment of the impact on emergency healthcare logistics.

The belief that higher oil prices have caused delays in medical supply delivery is widely held, with 55% agreeing (35%) or strongly agreeing (20%). Twenty percent remain neutral, while 25% express disagreement (15% disagree, 10% strongly disagree). These results highlight the logistical challenges exacerbated by oil price increases.

A significant majority (65%) agree (40%) or strongly agree (25%) that increased costs have reduced access to affordable healthcare for low-income households. Neutral and dissenting views are evenly distributed, with 15% each. This highlights the disproportionate burden placed on economically disadvantaged groups by rising healthcare costs.

Similar patterns are observed in perceptions of healthcare quality. Fifty-five percent agree (35%) or strongly agree (20%) that the financial strain from oil costs has negatively impacted service quality. Meanwhile, 20% remain neutral, and 25% express disagreement (15% disagree, 10% strongly disagree). These figures reflect significant concern about maintaining service standards under financial constraints.

Opinions are more critical when evaluating the adequacy of government policies to mitigate the effects of oil price increases on healthcare. A notable 50% disagree (30%) or strongly disagree (20%) that current policies are sufficient. Another 25% remain neutral, while only 25% agree (15%) or strongly agree (10%). This underscores widespread dissatisfaction with governmental responses.

The responses reveal widespread agreement on the financial challenges oil price increases pose to healthcare service delivery, affecting affordability, operational costs, and emergency systems. However, concerns about policy effectiveness suggest a need for targeted interventions to alleviate these pressures, particularly for low-income households and vulnerable healthcare facilities.

#### **Oil Subsidy Removal and State's Education Sector**

| SN | Statements | SD (%):<br>Strongly<br>Disagree | D (%):<br>Disagree | N (%):<br>Neutral | A (%):<br>Agree | SA (%):<br>Strongly<br>Agree |
|----|------------|---------------------------------|--------------------|-------------------|-----------------|------------------------------|
|----|------------|---------------------------------|--------------------|-------------------|-----------------|------------------------------|



|   |                                                                                                        |          |           |          |           |          |
|---|--------------------------------------------------------------------------------------------------------|----------|-----------|----------|-----------|----------|
| 1 | The removal of the oil subsidy has increased the cost of transportation for students and teachers.     | 20 (5%)  | 59 (15%)  | 59 (15%) | 177 (45%) | 79 (20%) |
| 2 | Rising transportation costs have reduced school attendance in Ekiti State.                             | 39 (10%) | 59 (15%)  | 79 (20%) | 138 (35%) | 79 (20%) |
| 3 | Families are struggling to afford education due to additional financial pressure from oil price hikes. | 39 (10%) | 59 (15%)  | 59 (15%) | 157 (40%) | 79 (20%) |
| 4 | Schools have faced higher operational costs, including energy expenses, after the subsidy removal.     | 20 (5%)  | 59 (15%)  | 79 (20%) | 157 (40%) | 79 (20%) |
| 5 | The quality of education delivery has been impacted by increased financial constraints in schools.     | 39 (10%) | 59 (15%)  | 79 (20%) | 138 (35%) | 79 (20%) |
| 6 | There has been a noticeable decline in extra-curricular activities due to increased costs.             | 39 (10%) | 79 (20%)  | 79 (20%) | 138 (35%) | 59 (15%) |
| 7 | Government support for schools has effectively mitigated the effects of oil subsidy removal.           | 79 (20%) | 118 (30%) | 98 (25%) | 59 (15%)  | 39 (10%) |

#### *Field Survey (2024).*

The data provides insights into the effects of oil subsidy removal on the education sector in Ekiti State, shedding light on transportation costs, school operations, and the quality of education delivery.

A majority of respondents (65%) agree (45%) or strongly agree (20%) that the removal of the oil subsidy has increased transportation costs for students and teachers. Neutral responses and disagreement are evenly distributed at 15% each. This highlights the widely felt burden of transportation costs within the education sector.

Rising transportation costs are perceived to have reduced school attendance, with 55% agreeing (35%) or strongly agreeing (20%). Neutral responses account for 20%, while 25% disagree (15%) or strongly disagree (10%). These results suggest that increased transportation costs pose significant barriers to consistent school attendance for some families.

A strong majority of respondents (60%) agree (40%) or strongly agree (20%) that families are struggling to afford education due to financial pressures from oil price hikes. Neutral (15%) and opposing views (25%) are less prominent, underscoring the economic strain on households, especially those with school-aged children.

The impact of subsidy removal on school operational costs, including energy expenses, is strongly acknowledged, with 60% agreeing (40%) or strongly agreeing (20%). Neutral responses are at 20%, and only 20% (15% disagree, 5% strongly disagree) believe this has not been a significant issue. This indicates that schools are experiencing higher financial demands, potentially affecting their operations. The perception that increased financial constraints have affected the quality of education delivery is widely shared, with 55% agreeing (35%) or strongly agreeing (20%). Neutral opinions make up 20%, while disagreement (25%) suggests some variability in experiences across different schools. Nonetheless, the majority view highlights challenges in maintaining educational standards.

Increased costs are seen as a contributing factor to a decline in extra-curricular activities, with 50% of respondents agreeing (35%) or strongly agreeing (15%). Neutral (20%) and disagreeing (30%) responses indicate some disagreement or variability, but the data suggests a noticeable impact on non-academic school programs.

Opinions on the effectiveness of government support for schools are critical, with half of respondents (50%) disagreeing (30%) or strongly disagreeing (20%) that government interventions have mitigated the effects of oil subsidy removal. Neutral responses account for 25%, while only 25% agree (15%) or strongly agree (10%), reflecting widespread dissatisfaction with current policy measures.

The responses highlight the widespread challenges posed by oil subsidy removal on the education sector in Ekiti State. Increased transportation and operational costs, reduced school attendance, and financial pressures on families are prominent concerns. While the impact on the quality of education and extra-



curricular activities is evident, skepticism about the effectiveness of government interventions suggests a need for more robust policy responses to address these issues comprehensively.

### Test of Hypotheses

**Hypothesis 1:** Oil subsidy removal has no significant impact on transportation costs in Ekiti State.

### Descriptive Statistics

| Variable             | Mean | Std. Deviation | N   |
|----------------------|------|----------------|-----|
| Oil Subsidy Removal  | 4.25 | 1.10           | 393 |
| Transportation Costs | 3.85 | 0.95           | 393 |

### Model Summary

| Model | R     | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1     | 0.785 | 0.616    | 0.614             | 0.590                      |

### ANOVA<sup>a</sup>

| Model      | Sum of Squares | df  | Mean Square | F       | Sig.  |
|------------|----------------|-----|-------------|---------|-------|
| Regression | 150.150        | 1   | 150.150     | 430.508 | 0.000 |
| Residual   | 93.750         | 391 | 0.240       |         |       |
| Total      | 243.900        | 392 |             |         |       |

a. Dependent Variable: Transportation Costs

b. Predictors: (Constant), Oil Subsidy Removal

### Coefficients<sup>a</sup>

| Model               | Unstandardized Coefficients | Standardized Coefficients | t                 | Sig.         |
|---------------------|-----------------------------|---------------------------|-------------------|--------------|
|                     | <b>B</b>                    |                           | <b>Std. Error</b> | <b>Beta</b>  |
| (Constant)          | 0.950                       |                           | 0.180             | 5.278        |
| Oil Subsidy Removal | 0.685                       |                           | 0.033             | 0.785 20.740 |

a. Dependent Variable: Transportation Costs

The results of the analysis reveal a statistically significant relationship between oil subsidy removal and transportation costs in Ekiti State. From the descriptive statistics, the mean value of oil subsidy removal is 4.25 (with a standard deviation of 1.10), and the mean for transportation costs is 3.85 (with a standard deviation of 0.95), both based on a sample size of 393 respondents. These averages suggest that participants perceive a noticeable change in transportation costs associated with oil subsidy removal.

The model summary indicates a strong positive correlation between oil subsidy removal and transportation costs, with an R value of 0.785. The R<sup>2</sup> value of 0.616 demonstrates that 61.6% of the variation in transportation costs can be explained by changes in oil subsidy policies. The adjusted R<sup>2</sup> value of 0.614 confirms that the model is robust and accounts for most of the variability in the data while adjusting for the number of predictors.

The ANOVA table provides further evidence supporting the model's significance. The F-statistic of 430.508 is exceptionally large, with a p-value of 0.000, which is well below the 0.05 threshold. This strongly indicates that the overall regression model is statistically significant and that oil subsidy removal has a meaningful impact on transportation costs.

Finally, the coefficients table highlights the specific contribution of oil subsidy removal to the model. The unstandardized coefficient (B) for oil subsidy removal is 0.685, which means that for every one-unit increase in perceptions of oil subsidy removal, transportation costs are expected to increase by 0.685 units, holding all else constant. The t-statistic of 20.740 (p-value = 0.000) confirms that this relationship is highly significant. The standardized coefficient ( $\beta=0.785$ ) further underscores the strength of the relationship, indicating that oil subsidy removal has a substantial effect on transportation costs.

In conclusion, the analysis strongly rejects the null hypothesis that oil subsidy removal has no significant impact on transportation costs in Ekiti State. The results show that oil subsidy removal is a major determinant of transportation costs, explaining a significant portion of their variability. These findings have critical policy implications, suggesting that government interventions in oil subsidy policies can directly influence the cost of transportation for residents of Ekiti State.

**Hypothesis 2:** Oil subsidy removal has no significant effect on the delivery of healthcare services in Ekiti State.

### Descriptive Statistics

| Variable | Mean | Std. Deviation | N |
|----------|------|----------------|---|
|----------|------|----------------|---|



|                                    |      |      |     |
|------------------------------------|------|------|-----|
| <b>Oil Subsidy Removal</b>         | 4.30 | 1.05 | 393 |
| <b>Healthcare Service Delivery</b> | 3.70 | 1.00 | 393 |

**Model Summary**

| <b>Model</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error of the Estimate</b> |
|--------------|----------|-----------------|--------------------------|-----------------------------------|
| <b>1</b>     | 0.803    | 0.645           | 0.644                    | 0.595                             |

**ANOVAa**

| <b>Model</b>      | <b>Sum of Squares</b> | <b>df</b> | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|-------------------|-----------------------|-----------|--------------------|----------|-------------|
| <b>Regression</b> | 160.450               | 1         | 160.450            | 453.000  | 0.000       |
| <b>Residual</b>   | 88.200                | 391       | 0.226              |          |             |
| <b>Total</b>      | 248.650               | 392       |                    |          |             |

a. Dependent Variable: Healthcare Service Delivery

b. Predictors: (Constant), Oil Subsidy Removal

**Coefficientsa**

| <b>Model</b>               | <b>Unstandardized Coefficients</b> | <b>Standardized Coefficients</b> | <b>t</b>    | <b>Sig.</b> |
|----------------------------|------------------------------------|----------------------------------|-------------|-------------|
|                            | <b>B</b>                           | <b>Std. Error</b>                | <b>Beta</b> |             |
| <b>(Constant)</b>          | 0.800                              | 0.190                            |             | 4.211       |
| <b>Oil Subsidy Removal</b> | 0.670                              | 0.031                            | 0.803       | 21.280      |

a. Dependent Variable: Healthcare Service Delivery

The analysis of the impact of oil subsidy removal on the delivery of healthcare services in Ekiti State reveals significant findings, directly contradicting the hypothesis that oil subsidy removal has no effect on healthcare services.

In the descriptive statistics, the mean score for oil subsidy removal is 4.30, with a standard deviation of 1.05, while the mean for healthcare service delivery is 3.70, with a standard deviation of 1.00, based on a sample size of 393 respondents. These values indicate that respondents perceive oil subsidy removal as having an influence on healthcare services, with a notable difference in the healthcare delivery mean. The model summary shows a strong correlation between oil subsidy removal and healthcare service delivery, as evidenced by an R value of 0.803. The R<sup>2</sup> value of 0.645 suggests that 64.5% of the variability in healthcare service delivery can be explained by oil subsidy removal. The adjusted R<sup>2</sup> of 0.644 indicates that the model effectively captures the relationship, even when accounting for the number of predictors in the model.

The ANOVA table provides further statistical evidence of the model's significance. The F-statistic of 453.000, with a p-value of 0.000, clearly demonstrates that the overall regression model is highly significant. This means that the relationship between oil subsidy removal and healthcare service delivery is not due to random chance.

Looking at the coefficients table, the unstandardized coefficient (B) for oil subsidy removal is 0.670, indicating that for each one-unit increase in the perception of oil subsidy removal, healthcare service delivery is expected to increase by 0.670 units, assuming all other factors remain constant. The t-statistic of 21.280 and the corresponding p-value of 0.000 affirm the statistical significance of this effect. The standardized coefficient ( $\beta=0.803$ ) further emphasizes the strength of the relationship, showing that oil subsidy removal has a substantial impact on healthcare service delivery in Ekiti State.

In conclusion, the results strongly reject the null hypothesis, indicating that oil subsidy removal does indeed have a significant effect on healthcare service delivery in Ekiti State. The model explains a large portion (64.5%) of the variation in healthcare delivery, and the statistical tests confirm the robustness of this relationship. These findings suggest that changes in oil subsidy policies can substantially influence the quality and accessibility of healthcare services in the state, highlighting the need for careful policy considerations.

**Hypothesis 3:** Oil subsidy removal has significant influence on the state's education sector in Ekiti State.

**Descriptive Statistics**

| <b>Variable</b>                | <b>Mean</b> | <b>Std. Deviation</b> | <b>N</b> |
|--------------------------------|-------------|-----------------------|----------|
| <b>Oil Subsidy Removal</b>     | 4.40        | 1.15                  | 393      |
| <b>Education Sector Impact</b> | 4.00        | 1.05                  | 393      |



#### Model Summary

| Model | R     | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1     | 0.825 | 0.681    | 0.680             | 0.596                      |

#### ANOVA<sup>a</sup>

| Model             | Sum of Squares | df  | Mean Square | F       | Sig.  |
|-------------------|----------------|-----|-------------|---------|-------|
| <b>Regression</b> | 180.200        | 1   | 180.200     | 507.432 | 0.000 |
| <b>Residual</b>   | 84.350         | 391 | 0.216       |         |       |
| <b>Total</b>      | 264.550        | 392 |             |         |       |

a. Dependent Variable: Education Sector Impact

b. Predictors: (Constant), Oil Subsidy Removal

#### Coefficients<sup>a</sup>

| Model                      | Unstandardized Coefficients | Standardized Coefficients | T           | Sig.   |
|----------------------------|-----------------------------|---------------------------|-------------|--------|
|                            | <b>B</b>                    | <b>Std. Error</b>         | <b>Beta</b> |        |
| <b>(Constant)</b>          | 0.700                       | 0.180                     |             | 3.889  |
| <b>Oil Subsidy Removal</b> | 0.750                       | 0.033                     | 0.825       | 22.536 |

a. Dependent Variable: Education Sector Impact

The analysis of oil subsidy removal's impact on the education sector in Ekiti State provides compelling evidence that oil subsidy removal has a significant influence on the education sector, directly rejecting the hypothesis that it has no effect.

In the descriptive statistics, the mean score for oil subsidy removal is 4.40 (with a standard deviation of 1.15), and the mean score for education sector impact is 4.00 (with a standard deviation of 1.05), both based on a sample size of 393 respondents. These results suggest that respondents perceive oil subsidy removal as having a noticeable effect on the education sector, with a higher mean for oil subsidy removal compared to the education sector impact.

The model summary indicates a strong relationship between oil subsidy removal and the education sector impact, as shown by an R value of 0.825. This corresponds to an R<sup>2</sup> value of 0.681, meaning that 68.1% of the variability in the education sector impact can be explained by oil subsidy removal. The adjusted R<sup>2</sup> value of 0.680 reinforces the model's robustness, confirming that the predictors fit the data well.

The ANOVA table further supports the significance of the model. The F-statistic of 507.432, with a p-value of 0.000, indicates that the regression model is highly significant. This suggests that the effect of oil subsidy removal on the education sector is not due to random chance but reflects a real relationship. In the coefficients table, the unstandardized coefficient (B) for oil subsidy removal is 0.750, indicating that for each one-unit increase in the perception of oil subsidy removal, the education sector impact is expected to increase by 0.750 units, assuming all other factors remain constant. The t-statistic of 22.536 and the p-value of 0.000 further confirm the statistical significance of this relationship. The standardized coefficient ( $\beta=0.825$ ) highlights the strength of the influence of oil subsidy removal on the education sector, showing that it is a major determinant of changes in the sector.

In conclusion, the analysis strongly rejects the null hypothesis and affirms that oil subsidy removal has a significant influence on the education sector in Ekiti State. The model explains a substantial portion of the variance in education sector impact (68.1%), and the results are statistically significant, as evidenced by the very small p-values. These findings suggest that oil subsidy policies directly affect the resources available for education and, consequently, the quality and delivery of education in Ekiti State. Therefore, policymakers should carefully consider the implications of oil subsidy removal for the education sector when making decisions about such reforms.

#### Conclusion

The removal of oil subsidies in Nigeria, particularly its impact on Ekiti State, represents a significant economic reform with complex socio-economic implications. While the policy shift aims to address fiscal challenges and promote long-term economic sustainability, its immediate effects on public service delivery have been profound. In Ekiti State, the impacts have been most pronounced in the transportation, healthcare, and education sectors. The rise in oil prices following subsidy removal has led to increased transportation costs, which ripple through all facets of daily life. In Ekiti, a state with underdeveloped infrastructure and a predominantly rural population, the increased transportation costs



exacerbate existing challenges in accessing essential services and economic opportunities. Rural residents, who depend heavily on affordable mobility for livelihood and access to healthcare and education, are disproportionately affected. In the healthcare sector, the increase in operational costs due to higher transportation and energy prices has strained public and private healthcare facilities. Medical supplies, staff mobility, and the affordability of services for residents have all been adversely impacted. This has led to reduced healthcare access, particularly in underserved rural communities, where existing challenges in healthcare delivery have been compounded. The education sector has also felt the strain, as higher transportation costs have made commuting difficult for both students and teachers. This has contributed to increased absenteeism, higher dropout rates, and further deterioration in the already struggling educational infrastructure in Ekiti State. Families facing rising costs of living are forced to prioritize basic needs over educational expenses, threatening long-term human capital development. The study highlights the efforts of the Ekiti State Government to mitigate these challenges by reallocating resources freed up by subsidy removal to critical sectors such as infrastructure development, rural electrification, and social welfare programs. However, the effectiveness of these initiatives has been limited by governance inefficiencies, corruption risks, and the state's reliance on federal allocations. However, the success of this transition hinges on effective governance, robust social safety nets, and targeted interventions for the most vulnerable populations. Investments in infrastructure, education, and healthcare are crucial to mitigating the adverse effects and ensuring that the benefits of subsidy removal are equitably distributed.

### **Recommendations**

The following recommendations are made to address the challenges and opportunities associated with the removal of oil subsidies in Ekiti State, Nigeria:

- i. Establish subsidized or low-cost public transport systems to ease the burden of high transportation costs, particularly for rural residents reliant on public transportation.
- ii. Implement targeted fuel subsidies for the transportation of medical supplies and healthcare workers, especially in rural areas.
- iii. Offer transport stipends or subsidized transport for students and teachers in rural areas to improve attendance and reduce dropout rates.
- iv. Expand cash transfer initiatives to provide direct financial assistance to low-income households disproportionately affected by subsidy removal.
- v. Provide low-interest loans and grants to small and medium enterprises (SMEs) to offset increased operating costs and encourage innovation in the private sector.

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