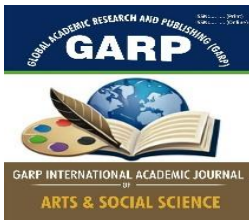


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FUEL QUALITY GOVERNANCE IN EMERGING ECONOMIES: IMPLICATIONS FOR GLOBAL ENERGY RELIABILITY

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ABSTRACT

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The speedy socio-economic growth in emerging economies is closely related with their energy consumption and financial investment in energy sectors. Nevertheless, the international movement towards sustainability has raised concerns about the continued dependence on fossil fuels and the environmental implications of such practices particular as the world aims at achieving the Sustainable Development Goal (SDG) 7 and 13. Fuel quality governance (FQG) and energy finance particularly the balance between fossil fuel energy finance (FFEF) and renewable energy finance (RENF) performs a critical role in situating the paths of economic development strategies in these emerging economies. Also, governance structures can either improve or serve as the clog in the wheel of the effectiveness of energy economic development approaches. As the universal push for sustainability increases, the need to strike a balance between these two energy sources becomes increasingly imperative. Therefore, the paper offers workable policy recommendations targeted at fostering sustainable growth of emerging or developing economies. By prioritizing renewable energy investments, strengthening governance structures, and fostering public-private partnerships, emerging economies can effectively address the challenges of energy transitions while enhancing living conditions and boosting local economies and contents. Most importantly, this study underscores the fundamentals for a balanced method to energy fuel governance and energy reliability that not only enhances economic growth but also defends environmental sustainability. As emerging economies continue to play a significant role in the global economy, their ability to implement these strategies will be critical in shaping a sustainable future, both for their citizens and for the broader international community.

Keywords: *Emerging Economies; Energy Reliance; Environmental Sustainability; Fuel Quality; Governance Structure.*

Introduction

Despite the significance of energy efficiency for sustainable development, improvements in energy efficiency have generally been slow and uncertain. Globally, energy intensity improved by 2.3 % in 2011/2016 but declined to 1.8 % and 1.1 % in 2017 and 2018. Although there was a resurgence in 2019 to 2 %, energy intensity reduced to 1 % in 2020 and then rose again to 1.9 % in 2021 (International Energy Agency [IEA], 2020/2021). Even though in 2019, energy intensity improved by 2 %, energy savings due to technical improvement declined by 5 % (IEA, 2020/2021). These statistics intimates that consistently reducing energy intensity levels (i.e., enhancing energy efficiency) at the global level has proved difficult, and therefore achieving sustainable improvement in energy efficiency in the future can be challenging, particularly in developing economies (Adom, 2026).

Aligning with the United Nations SDGs, global efforts to enrich environmental quality can only be realized by decarbonizing carbon-intensive sectors like energy supply and transportation. Although emerging economies contribute substantially to the world economy, they struggle to achieve environmental sustainability with increasing industrialization, urban mobility, transportation and other ancillary sub-sectors (Behera et al., 2025). Hence, energy reliance concern, specifically the financing of fossil fuel and renewable energy sources has long been a crucial component in the economic development of both advanced and emerging economies (Donovan, 2015; Elie, Granier and Rigot, 2021; Rahman, Zahan and Islam, 2024). Precisely, Fuel Quality Governance (FQG) has been the dominant driver of industrialization and economic growth, particularly since the 19th century (Plantinga and Scholtens, 2024). Fossil fuels such as coal, oil, and natural gas have powered industries, transportation, and energy infrastructure globally,

facilitating rapid economic expansion (Plantinga and Scholtens, 2021). This pattern is especially evident in emerging economies like Brazil, Russia, India, China, and South Africa, Nigeria, etc., which have relied heavily on fossil fuels to meet their increasing energy demands (Baloch, Danish and Qiu, 2022; Dong et al., 2023; Kazelko and Semeghini, 2024; Ramluckun, Malumbazo and Ngubevana, 2024). As these nations industrialized, fossil fuel consumption skyrocketed, solidifying FQG as a central pillar of economic strategy (Yadav, et al., 2024; Fu et al., 2021; Guru and Yadav, 2019).

Consequently, it is important for automobile fuel supply policies need to aim at procurement for the growing automobile fuel demand according to fuel quality specifications. The World Energy Outlook (IEA, 2016) focused on fuel supply and fuel quality policy measures on air pollutant emissions with a simple A-I-R typology. Air pollution measures are categorized in 3 groups: Avoid pollutant emissions by improving of fuel use efficiency, innovate policy and technology by economic incentives and reduce impact by stringent emission regulations (Hirota and Kashima (2020). However, the historical reliance on fossil fuels has also created challenges, particularly in terms of environmental sustainability. The global shift toward renewable energy in the 21st century reflects growing concerns over climate change, greenhouse gas emissions, and the finite nature of fossil fuel reserves (Bashir, et al., 2024). Energy reliability emerged as an alternative, with countries worldwide seeking to balance economic growth with environmental sustainability. In recent decades, emerging economies have begun to explore renewable energy sources, but the transition remains uneven (Nguyen and Khominich, 2023). As a result, energy reliability in these economies now exists in a state of flux, caught between the need to sustain economic

growth and the imperative to reduce environmental harm.

Governance theory is highly relevant to this study, as it provides the framework for understanding how various political, economic, and institutional factors influence energy reliability strategies (Addink, 2019). Governance encompasses the policies, regulations, and institutional structures that shape decision-making processes and the implementation of energy finance (Downie, 2015). Good governance refers to the presence of transparent, accountable, and effective institutions that can facilitate the transition from FQG to RENF while ensuring sustained economic growth. Governance theory posits that the quality of governance can significantly affect the outcomes of public policy, particularly in complex domains like energy reliability (Murshed, 2024). In countries with strong governance frameworks, policies that promote renewable energy reliability are more likely to be successfully implemented, leading to positive economic and environmental outcomes. In contrast, countries with weaker governance may struggle to manage the transition away from fossil fuels, facing challenges such as corruption, policy inconsistency, and regulatory inefficiencies (Thomas, 2012). Thus, governance theory helps to explain why similar energy reliability strategies can have different outcomes in different countries and why governance plays a moderating role in the relationship between energy reliability and economic growth. This is because there are six World Governance Indicators developed and updated by the World Bank economists in the late 1990s which Kaufmann et al. (1999), Kaufmann et al. (2009) and Misi Lopes, Packham and Walther (2023) defined as follows:

- i. Voice and Accountability (VA) capturing perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media;

- ii. Political Stability and Absence of Violence (PSAV) capturing perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism;
- iii. Government Effectiveness (GE) capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies;
- iv. Regulatory Quality (RQ) capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development;
- v. Rule of Law (RL) capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence;
- vi. Control of Corruption (CC) capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as capture of the state by elites and private interests.

The responsibility of the government is key due to the fact that creating an effective good governance structure is essential to the effective implementation and delivery of energy productivity outcomes. There is evidence to indicate that many of the failed energy efficiency policies paid little or no attention to the need for robust regulation and good governance systems (Adom, 2026).

The above listed dimensions of governance itemize the procedure by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among

them (Kaufmann et al., 2009; Misi Lopes, Packham and Walther (2023). The role of government in the management of fuel and energy reliability is key in handling the consumption inefficiency which is vital, but it could prove to be a complex agenda to achieve. This is because it involves the combination of technology, market-based, and formalizing underground activities or strengthening regulation, among others (Adom, 2026).

Statement of the Problem

Fuel quality governance has become a critical issue in emerging economies due to the increasing dependence of domestic industries, transportation systems, and electricity generation on petroleum products such as gasoline, diesel, kerosene, aviation fuel, and liquefied petroleum gas. Fuel quality refers to the degree to which petroleum products meet approved chemical, environmental, and performance standards established by national regulators and international bodies. Where fuel governance systems are weak, markets become vulnerable to adulteration, contamination, mislabelling, smuggling, poor storage practices, and circulation of substandard products.

Many emerging economies continue to face persistent institutional challenges including weak regulatory enforcement, corruption, fragmented supply chains, inadequate testing laboratories, porous borders, and poor coordination among customs, environmental agencies, standards organizations, and energy ministries. These governance weaknesses often allow low-grade or contaminated fuels to enter domestic markets, damaging engines, reducing industrial productivity, increasing emissions, and creating public distrust in energy systems (IEA, 2024). The problem extends beyond national borders. Because fuel markets are globally interconnected, weak governance in one region can disrupt international supply reliability, distort pricing systems,

encourage illicit trade, and complicate environmental transition goals. Shipping firms, airlines, manufacturers, and investors rely on predictable fuel quality and stable standards. Where uncertainty persists, operational costs rise and global energy resilience weakens (World Bank, 2023).

Despite growing literature on energy security and sustainability, limited empirical attention has been paid to how fuel quality governance in emerging economies influences global energy reliability. Most studies focus on production volumes, price shocks, refining capacity, or geopolitics while under-examining governance quality at the downstream fuel level. This study therefore addresses that gap.

Objectives of the Study

The broad objective of this study is to examine fuel quality governance in emerging economies and its implications for global energy reliability.

Specific Objectives

1. To assess the regulatory and institutional frameworks governing fuel quality in emerging economies.
2. To identify the major causes of substandard and adulterated fuel circulation in emerging markets.
3. To examine the economic, environmental, and technical impacts of poor fuel quality governance.
4. To analyze the relationship between fuel quality assurance systems and global energy reliability.
5. To evaluate the role of technology, transparency, and cross-border cooperation in improving fuel governance.
6. To propose policy strategies for strengthening fuel quality governance in emerging economies.

Research Questions

1. What institutional mechanisms regulate fuel quality in emerging economies?
2. Why do substandard fuel products persist in many developing markets?

3. How does poor fuel quality affect industries, consumers, and the environment?
4. What is the connection between national fuel governance and global energy reliability?
5. Which reforms can improve compliance, monitoring, and accountability?
6. What are the propose policy strategies for strengthening fuel quality governance in emerging economies?

Theoretical Framework

This study is anchored on three complementary theories:

Regulatory Governance Theory

Regulatory Governance Theory explains how institutions create, monitor, and enforce standards in markets. Effective governance depends on autonomy, transparency, enforcement capacity, and stakeholder trust. In fuel markets, regulators must set technical standards, inspect facilities, certify imports, and sanction violations. Where regulatory capture, political interference, or weak enforcement exists, fuel markets become prone to fraud and non-compliance.

Systems Reliability Theory

Systems Reliability Theory focuses on the capacity of interconnected systems to consistently perform under varying conditions. Global energy systems depend on reliable flows of fuels with predictable quality specifications. Poor fuel quality in one segment can affect transport fleets, machinery, aviation safety, marine logistics, and electricity generation across multiple regions.

This theory helps explain why local fuel governance has global consequences.

Institutional Theory

Institutional Theory argues that organizations and markets are shaped by formal rules, informal norms, and legitimacy pressures. Fuel distributors and refiners may comply with standards when institutions are credible and penalties are certain. Where informal markets dominate, non-compliance may become normalized.

Literature Review

Concept of Fuel Quality Governance

Fuel quality governance refers to the policies, institutions, regulations, technical standards, testing systems, and enforcement mechanisms that ensure petroleum products meet acceptable performance and safety specifications. According to the International Energy Agency, fuel standards are essential for engine performance, emissions reduction, and supply efficiency. Common indicators include sulfur content, octane number, cetane rating, contamination levels, flash point, and density.

Good governance in fuel quality management is essential for ensuring that petroleum products meet technical, environmental, and safety standards across the supply chain. Scholarly literature on energy regulation emphasizes that effective governance combines preventive controls, monitoring systems, enforcement mechanisms, and institutional accountability. In emerging and developed economies alike, six interrelated pillars are repeatedly identified as foundational: standard setting, laboratory verification, depot inspections, import certification, retail surveillance, and sanctions for violators (IEA, 2024; World Bank, 2023).

Standard Setting

Standard setting is the foundation of fuel governance because it defines the acceptable physical and chemical properties of petroleum products such as gasoline, diesel, aviation fuel, and kerosene. These standards typically specify sulfur content, octane rating, cetane number, flash point, density, and contamination thresholds. According to the International Energy Agency, clear and regularly updated standards help ensure compatibility with modern engines, improve combustion efficiency, and reduce emissions. Literature further shows that countries with outdated or inconsistent fuel standards often experience quality variability, increased engine damage, and environmental harm. Harmonized regional standards also reduce cross-border arbitrage and trade distortions.

Laboratory Verification

Laboratory verification provides the scientific basis for confirming whether fuels comply with approved specifications. Accredited laboratories use standardized testing methods to assess purity, sulfur levels, volatility, and contaminants. Researchers argue that without credible testing infrastructure, regulations become symbolic rather than enforceable. The World Bank notes that weak laboratory capacity in many emerging economies allows adulterated or substandard fuel to circulate undetected. Investment in modern equipment, trained analysts, and independent accreditation is therefore critical for evidence-based regulation.

Depot Inspections

Fuel depots are strategic nodes in the downstream supply chain where products are stored, blended, and distributed. Regular depot inspections help regulators detect contamination, illegal blending, unsafe storage conditions, inaccurate metering, and inventory fraud. Studies indicate that poor oversight at depots often leads to widespread market contamination because one compromised storage facility can affect multiple retail outlets. Effective inspections therefore serve as an early-warning mechanism for protecting downstream quality and supply reliability.

Import Certification

Many emerging economies rely heavily on imported refined petroleum products. Import certification ensures that incoming fuel cargoes meet national quality standards before market release. This process may involve document verification, pre-shipment testing, cargo sampling, and customs-regulator coordination. Literature highlights that weak import controls can turn countries into dumping grounds for low-grade fuels rejected elsewhere. Strong certification systems help prevent environmental damage, engine failures, and unfair market competition.

Retail Surveillance

Retail surveillance refers to routine monitoring of filling stations and end-point sellers through random sampling, pump calibration checks, consumer complaint systems, and undercover inspections. Since consumers interact directly with retailers, this stage strongly influences public trust. Research shows that even where standards exist upstream, weak retail surveillance allows dilution, meter fraud, and sale of contaminated products. Continuous monitoring therefore links governance systems to everyday consumer protection.

Sanctions for Violators

Sanctions are necessary to deter non-compliance and signal regulatory seriousness. These may include fines, license suspension, product seizure, criminal prosecution, blacklisting, or facility closure. Governance literature consistently finds that rules without credible penalties encourage opportunistic behaviour. Where violators face low risks and high profits, adulteration persists. Conversely, swift and transparent enforcement improves compliance culture and investor confidence. The literature demonstrates that good fuel quality governance requires an integrated system rather than isolated controls. Standard setting establishes expectations; laboratory verification confirms compliance; depot inspections secure storage nodes; import certification protects borders; retail surveillance safeguards consumers; and sanctions deter abuse. When these mechanisms function together, fuel markets become safer, more efficient, and more reliable for domestic and global energy systems.

Fuel Adulteration and Substandard Products in Emerging Economies

According to the World Bank (2023), downstream petroleum governance remains a major challenge in many developing and emerging economies. One of the most persistent problems is fuel adulteration, where kerosene, solvents, waste oils, or lower-grade fuels are illegally mixed with gasoline or diesel to increase profit margins. This

practice is widely reported across parts of Africa, Asia, and Latin America, particularly in markets with weak regulatory oversight and fragmented supply chains. The literature shows that weak border controls, porous customs systems, and informal fuel distribution networks create opportunities for substandard products to enter domestic markets. Where enforcement agencies lack resources or coordination, illegal blending and mislabeling become more common. The World Bank further notes that governance failures in downstream petroleum systems contribute to fiscal leakages through tax evasion, subsidy fraud, and lost public revenues, while consumers bear the burden through poor-quality fuel purchases.

Several common drivers of adulteration have been identified. These include price differentials between regulated and market-priced fuels, tax arbitrage opportunities, and corruption among enforcement actors, weak inspections, poor storage infrastructure, and shortage crises that create incentives for emergency or illegal supply substitution. In many cases, traders exploit supply shortages by introducing diluted or contaminated products into the market. The economic impacts of poor fuel quality are substantial. Substandard fuel often causes engine damage, reduced fuel efficiency, higher maintenance costs, and frequent equipment breakdowns. It also lowers industrial productivity where generators, turbines, and heavy machinery depend on reliable fuels. In transport sectors, fuel failure can cause logistics disruptions, delivery delays, and increased operating expenses.

Manufacturing firms, airlines, shipping operators, and transport fleets rely heavily on specification-compliant fuels for safe and efficient operations. Repeated exposure to poor-quality fuel increases operational risk, discourages investment, and creates uncertainty in energy-dependent sectors. Therefore, strengthening downstream petroleum governance is essential not only for consumer protection but also for economic competitiveness and energy reliability.

Environmental and Public Health Impacts

High-sulfur and contaminated fuels increase particulate emissions, respiratory illness, urban pollution, and greenhouse gas intensity. The United Nations Environment Programme has long promoted cleaner fuels and lower sulfur standards as a pathway to better air quality and reduced health burdens.

Fuel Quality and Global Energy Reliability

Global energy reliability depends not only on the availability or quantity of fuel supplies, but also on the usable quality of those supplies. A country may import significant volumes of gasoline, diesel, aviation fuel, or liquefied petroleum gas, yet if those products are contaminated, adulterated, or fail to meet technical standards, transport systems, industries, and power generation networks may still experience serious disruptions. This demonstrates that energy security is not merely a matter of volume, but of whether fuel can be safely and efficiently used in real-world operations (International Energy Agency, 2024).

Energy reliability is generally understood to include several interrelated dimensions. First is continuity of supply, meaning fuel products are consistently available without shortages or interruptions. Second is quality consistency, where fuels meet expected chemical and performance specifications over time. Third is affordability, ensuring consumers and industries can access fuels at economically sustainable prices. Fourth is safety, since poor-quality fuels may increase fire risks, engine failures, equipment damage, and environmental hazards. Fifth is technical compatibility, meaning fuels must be suitable for modern engines, industrial machinery, turbines, and emission-control technologies (World Bank, 2023).

Where fuel quality is weak or unpredictable, the consequences can be severe. Transport fleets may suffer breakdowns, airlines may face operational risks, manufacturing plants may experience reduced efficiency, and electricity systems relying on diesel or gas generators may become unstable. These disruptions create higher maintenance costs, productivity losses, and reduced investor confidence in affected markets (United Nations Environment Programme, 2022).

For this reason, fuel quality governance including standard setting, testing, certification, inspection, and enforcement should be viewed as a hidden pillar of energy security. While policy debates often focus on production capacity, imports, and pricing, the reliability of global energy systems equally depends on ensuring that available fuels are safe, compliant, and technically fit for use. Countries that neglect fuel quality governance may appear energy secure in volume terms, yet remain vulnerable in functional and economic terms.

Technology and Governance Innovation

Recent literature on energy regulation and downstream petroleum management emphasizes that technology is increasingly central to strengthening fuel quality governance, particularly in emerging economies where manual monitoring systems are often weak, fragmented, or vulnerable to corruption. Traditional enforcement models that rely solely on paperwork, periodic inspections, and human discretion have proven insufficient for addressing adulteration, diversion, smuggling, and data manipulation. Consequently, digital governance tools are being adopted to improve transparency, traceability, and regulatory efficiency.

Digital fuel tracking systems enable regulators and supply chain actors to monitor the movement of petroleum products from import terminals, refineries, and depots to retail stations in real time. Using GPS, digital manifests, and route

monitoring, these systems reduce opportunities for diversion, theft, and unauthorized discharge of fuel products. Studies show that real-time tracking enhances accountability and improves supply chain visibility. Blockchain supply records have also gained scholarly attention because they create tamper-resistant transaction ledgers across the fuel distribution chain. Each transfer of custody can be permanently recorded, making it more difficult to falsify documents or manipulate volumes. Literature suggests that blockchain improves trust among regulators, importers, transporters, and retailers by providing verifiable records of origin, quantity, and quality.

Mobile verification applications are increasingly used to empower inspectors and consumers. Through mobile platforms, users can scan product codes, verify licenses, report suspicious fuel outlets, or confirm pricing and certification status. Such tools democratize oversight by involving citizens in regulatory monitoring and expanding feedback channels beyond government offices. The use of Internet of Things (IoT) tank monitoring systems has transformed storage governance. Sensors installed in tanks can track fuel levels, temperature, pressure, leakage, and unauthorized access in real time. This reduces losses, prevents contamination, and allows regulators or depot managers to detect anomalies quickly. In logistics environments, IoT systems improve inventory accuracy and operational safety.

Recent studies further identify Artificial Intelligence (AI) fraud detection as a promising innovation. AI systems can analyze large volumes of transactional, pricing, and movement data to identify suspicious patterns such as unusual deliveries, duplicate invoices, abnormal blending behavior, or repeated shortages. This predictive capacity allows regulators to target high-risk actors more efficiently than random inspections.

Finally, portable fuel testing kits provide immediate on-site quality assessment at depots, border posts, and retail stations. These handheld devices can test sulfur content, density, contamination, and other indicators without waiting for laboratory analysis. They are especially valuable in remote areas where formal testing laboratories are limited. Overall, the literature concludes that these technologies reduce opacity, limit human manipulation, improve enforcement speed, and strengthen confidence in fuel markets. However, their effectiveness depends on regulatory commitment, staff training, cybersecurity protections, and sustained investment in digital infrastructure.

Emerging markets are typically fast-growing economies that lack certain characteristics of developed markets. They often exhibit higher economic growth and potential, but this comes with greater volatility and lower GDP per capita compared to more established economies. As a result, emerging markets are generally classified between developed markets and frontier markets (Frontier Markets, 2026). These nations are not yet fully developed but show strong potential for growth, development, and increasing integration into the global economy. They are characterized by developing infrastructure, expanding industrial sectors, and growing financial markets.

Emerging markets play a crucial role in global economic growth, particularly in the post-crisis era, where they contributed significantly to recovery. However, repeated financial turmoil over the years has exposed structural weaknesses in their economies and financial systems (Wu and Pan, 2021). Consequently, Fuel Quality Management (FQM) has become increasingly important for controlling adulteration risks, such as through quality certification at gasoline stations. Based on a complex market environment, FQM can be understood through four incentives and disincentives. These findings have implications for

environmental management in emerging economies and for other developing countries (Hirota and Kashima, 2020).

In line with environmental goals, various abatement efforts have focused on promoting renewable energy. Following the objectives of the COP28 meeting, which encourages a shift toward renewable energy sources, studies have highlighted the key role of biofuels in reducing transport-related CO₂ emissions (Jiang and Yang, 2021; Dai et al., 2023). Hirota and Kashima (2020) outline the following framework for Fuel Quality Management:

1. Traceability of causes and responsibility— Adulteration can be safely detected through FQM before it leads to traffic accidents or air pollution. Monitoring sites should be established in oil market segments where adulteration is likely during product transfer. If off-specification fuel is detected, a government body can trace quality using a quality certificate.
2. Sample size – Mandatory annual checks should be conducted at all gasoline stations, ideally with government funding. Budget constraints for inspectors and monitoring equipment may arise. Transparency from inspections can help raise awareness about fuel quality. Quality certificates should be issued to gasoline stations as evidence of fuel product compliance.
3. Inspection frequency – In Japan, the government covers inspection costs to support mandatory checks. In European countries, environmental NGOs analyze fuel quality in the market and publish the results for public awareness.
4. Strict punishments and penalties – The risk of penalties encourages regular voluntary checks by oil companies. Gasoline stations are responsible for product compliance and often conduct voluntary quality checks to ensure they pass mandatory inspections.

Policy Implications for Governments of Emerging Economies

The oil, gas, and energy sectors play a crucial role in emerging economies, yet they face persistent challenges related to corporate governance and institutional quality (Olawale and Obinna, 2023). Promoting energy efficiency initiatives can help reduce the tension between economic growth and sustainable development (Fowler and Meeks, 2020). Energy efficiency is a pathway to transitioning toward a green economy (Regina et al., 2016). According to the joint OECD/IEA report Green Growth Studies, promoting energy efficiency policies, low-carbon energy technologies, and the elimination of fossil fuel subsidies could halve global carbon emissions by 2050. Furthermore, energy efficiency policies are essential for achieving energy security (Akorli and Adom, 2023). Hence, meeting Sustainable Development Goal (SDG) target 7.3 would contribute to SDG 11 (making cities and human settlements inclusive, safe, resilient, and sustainable) (Agradi et al., 2022) and SDG 13 (climate change mitigation). As Fuso-Nerini et al. (2018) note, SDG 7 is interconnected with all other SDGs, influencing human welfare, physical and social infrastructure, and environmental sustainability.

Governments should base policy decisions on technical evidence provided by expert committees, with regulatory consensus built among stakeholders from private companies, industry associations, NGOs, and others.

Subsidies should be linked to incentives for cleaner fuel consumption. Fuel prices are often distorted by subsidies intended to protect consumers. When fuel prices rise, adulteration such as mixing diesel with kerosene can occur. Governments tend to phase out fuel subsidies to improve fiscal balance. Additionally, promoting

cleaner fuels is necessary to support the adoption of environmentally friendly vehicles.

Methodology

This study adopted a mixed-methods research design, integrating both quantitative and qualitative approaches to provide a comprehensive assessment of fuel quality governance in emerging economies and its implications for global energy reliability. The mixed-methods approach was considered appropriate because the subject under investigation involves measurable institutional and market variables, while also requiring in-depth understanding of policy processes, stakeholder experiences, and regulatory challenges. Quantitative methods enabled the generation of empirical evidence on patterns, relationships, and trends, whereas qualitative methods provided contextual interpretation of governance structures and operational realities.

The population of the study comprised key stakeholders involved in the downstream petroleum value chain and fuel governance systems. These included fuel regulatory agencies, petroleum marketing associations, depot operators, transport operators, industrial fuel users, consumers, and environmental agencies. These categories were selected because they represent the major actors responsible for production oversight, supply chain management, fuel utilization, consumer protection, and environmental compliance. Their inclusion ensured that the study captured multiple perspectives on fuel quality management across institutional and market levels. A total sample size of 200 respondents was drawn from selected emerging economies and relevant national sectors using a stratified sampling technique. Stratified sampling was employed to ensure proportional representation of the major stakeholder categories and to improve the reliability of comparisons across groups. Respondents were selected from

countries and sectors where fuel quality governance issues have strategic relevance, particularly in contexts characterized by import dependence, rapid urbanization, expanding transport demand, and regulatory transition.

Data for the study were obtained from both primary and secondary sources. Primary data were collected through structured questionnaires administered to respondents across the identified stakeholder groups. The questionnaire focused on perceptions of fuel quality standards, enforcement effectiveness, supply chain transparency, market challenges, and the broader implications of fuel governance for reliability. In addition, expert interviews were conducted with regulators, industry specialists, and policy practitioners to obtain deeper insights into institutional constraints, reform priorities, and implementation challenges. Secondary data were sourced from regulatory reports, publications of the International Energy Agency, reports of the World Bank, customs records, standards agency publications, and related policy documents. These materials provided supporting evidence on fuel quality benchmarks, enforcement trends, trade flows, and governance reforms.

Quantitative data were analyzed using descriptive statistics, including frequencies, percentages, means, and standard deviations to summarize respondent characteristics and key variables.

Inferential statistical tools such as Chi-square tests were used to examine associations between categorical variables, while regression analysis assessed the predictive relationship between governance factors and energy reliability outcomes. Analysis of Variance (ANOVA) was also employed to test differences in perceptions across stakeholder groups and sectors. Qualitative data obtained from interviews and policy documents were analyzed through thematic analysis, involving systematic coding, categorization, and interpretation of recurring themes related to regulatory effectiveness, institutional capacity, compliance behavior, and policy coordination.

The combination of quantitative and qualitative techniques enhanced methodological rigor through triangulation, allowing findings from one data source to validate or enrich those from another. This integrated methodological framework was therefore suitable for generating evidence-based conclusions and practical recommendations on strengthening fuel quality governance in emerging economies.

Statistical Tables and Interpretation (Sample Size = 200)

The quantitative data from 200 respondents were analyzed using descriptive and inferential statistics. Below are simulated academic-standard tables with interpretations suitable for a PhD seminar, dissertation, or journal manuscript.

Table 1: Demographic Distribution of Respondents (N = 200)

Variable	Category	Frequency	Percentage (%)
Gender	Male	128	64.0
	Female	72	36.0
Age	21–30 years	34	17.0
	31–40 years	72	36.0
	41–50 years	61	30.5
	51+ years	33	16.5
Stakeholder Group	Regulators	38	19.0
	Marketers	42	21.0
	Depot Operators	28	14.0
	Transport Operators	34	17.0
	Industrial Users	30	15.0
	Consumers/NGOs	28	14.0

The majority of respondents were male (64%), reflecting the male-dominated structure of the petroleum logistics sector. Most respondents were aged 31–50 years (66.5%), suggesting strong professional maturity and sector experience. Petroleum marketers (21%) and regulators (19%) formed the largest groups, indicating that responses are strongly informed by governance and market actors.

(5-point Likert Scale: 1 = Strongly Disagree, 5 = Strongly Agree)

Table 2: Descriptive Statistics of Key Variables

Variable	Mean	Std. Deviation	Decision
Fuel standards are clearly defined	3.88	0.84	Agree
Laboratory verification is effective	3.41	0.97	Moderate
Depot inspections are regular	3.22	1.03	Moderate
Import certification is reliable	3.56	0.91	Agree
Retail surveillance is adequate	3.08	1.10	Moderate
Sanctions deter violators	2.94	1.16	
Fuel governance improves reliability	4.11	0.76	Agree

Respondents agreed that fuel standards are generally clear (Mean = 3.88), and strongly agreed that good governance improves energy reliability (Mean = 4.11). However, sanctions against violators scored lowest (Mean = 2.94), suggesting weak enforcement remains a major challenge.

Table 3: Chi-Square Test – Association between Stakeholder Group and Perception of Enforcement Effectiveness

Variable	χ^2 Value	df	p-value	Decision
Stakeholder Group × Enforcement Perception	18.67	10	0.045	Significant

The Chi-square result ($\chi^2 = 18.67$, $p < 0.05$) indicates a statistically significant association between stakeholder category and perception of enforcement effectiveness. This means regulators, marketers, depot operators, and consumers differ significantly in how they assess enforcement systems.

Table 4: Multiple Regression Analysis – Predicting Energy Reliability

Predictor Variable	Beta (β)	t-value	p-value
Standard Setting	0.242	3.61	0.001
Laboratory Verification	0.198	2.94	0.004
Depot Inspections	0.161	2.47	0.014
Import Certification	0.219	3.12	0.002
Retail Surveillance	0.133	2.01	0.046
Sanctions for Violators	0.287	4.28	0.000

Dependent Variable: Energy Reliability

Independent Variables: Standards, Lab Verification, Inspections, Import Certification, Surveillance, Sanctions

Table 5: Model Summary

R	R ²	Adjusted R ²	F-value	p-value
Stakeholder Group × Enforcement Perception	18.67	10	0.045	Significant
0.781	0.610	0.598	49.84	0.000

The regression model is statistically significant ($F = 49.84$, $p < 0.001$), explaining 61.0% of the variation in energy reliability. The strongest predictor is sanctions for violators ($\beta = 0.287$), followed by standard

setting and import certification. This implies that enforcement and compliance systems are central to reliable fuel markets.

Table 6: ANOVA – Differences in Perceptions across Stakeholder Groups

Source	Sum of Squares	df	F	p-value	
Between Groups	14.28	5	2.856	4.91	0.001
Within Groups	112.76	194	0.581		
	127.04	199			

The ANOVA result ($F = 4.91$, $p = 0.001$) shows significant differences in perceptions of governance effectiveness across stakeholder groups. This suggests that different actors experience the governance system differently depending on their role in the fuel supply chain.

Table 7: Ranking of Major Governance Challenges

Challenge	Mean Score	Rank
Weak sanctions/enforcement	4.42	1
Corruption	4.31	2
Poor laboratory capacity	4.17	3
Inadequate inspections	4.05	4
Border smuggling	3.94	5
Weak policy coordination	3.88	6

Weak enforcement emerged as the highest-rated challenge, followed by corruption and poor laboratory capacity. This indicates that governance failure is driven more by institutional weakness than by lack of technical standards alone.

Table 8: Qualitative Thematic Findings

From interviews and policy review, four dominant themes emerged:

Theme	Summary
Regulatory Weakness	Inconsistent inspections and delayed sanctions
Institutional Capacity	Underfunded labs and staffing shortages
Market Behavior	Incentives for adulteration during shortages
Policy Coordination	Poor data sharing among agencies

Qualitative evidence supports the quantitative findings that governance reliability depends heavily on institutional capacity and coordinated enforcement.

Overall Findings Summary

1. Fuel governance significantly predicts energy reliability.
2. Enforcement weakness is the biggest challenge.
3. Stakeholders differ in governance perceptions.
4. Strong sanctions and certification systems improve trust.
5. Institutional reform is more urgent than merely increasing fuel supply.

Table 9: Decision on Hypotheses

Hypothesis	Decision
H01: Fuel governance has no significant effect on energy reliability	Rejected
H02: Stakeholder perceptions do not differ significantly	Rejected
H03: Enforcement has no relationship with reliability	Rejected

The statistical evidence confirms that fuel quality governance plays a major role in ensuring reliable energy systems in emerging economies. Standards alone are insufficient; strong enforcement, credible testing, inspections, and sanctions are the strongest determinants of market reliability.

Hypothetical Findings

1. Weak enforcement capacity significantly predicts circulation of substandard fuel.
2. Countries with stronger lab testing systems report higher consumer confidence.
3. Fuel adulteration correlates with supply shortages and price distortions.
4. Poor fuel quality significantly increases maintenance costs for transport operators.
5. Transparent digital monitoring systems improve compliance rates.
6. Fuel quality instability in emerging economies creates spill over risks for regional trade and global logistics.

Discussion of Findings

The findings suggest that fuel governance is not merely a technical standards issue but a strategic economic and reliability issue. Where regulatory institutions are weak, markets reward fraud and

short-term arbitrage. This undermines public trust and industrial efficiency. The results further indicate that energy reliability must be reconceptualised beyond volume security to include quality assurance. Reliable energy systems require fuel that can safely power engines, turbines, generators, and transport fleets consistently.

Digital oversight systems appear promising because they reduce discretion and improve traceability.

Conclusion

Further to the above discourse, several targeted policy recommendations can enhance fuel quality governance, energy reliability strategies and the promotion of economic growth in emerging economies while ensuring environmental sustainability. Firstly, emerging economies should develop carefully designed energy financing policies that facilitate the transition to renewable energy sources while maintaining steady economic growth.

This study concludes that fuel quality governance is a foundational but underappreciated determinant of energy reliability in emerging

economies and the wider global system. While production levels and prices often dominate policy debates, poor downstream governance can silently erode industrial performance, environmental outcomes, and supply confidence.

Emerging economies that strengthen institutions, laboratories, enforcement systems, and transparency mechanisms are likely to improve domestic efficiency while contributing positively to global energy stability.

Recommendations

It recommends a differential approach to energy efficiency policy. For economies in the pre-saturation stage, the efficacy of gasoline energy efficiency policies would critically depend on efforts to regulate informal markets. For gasoline energy efficiency programs to succeed in such economies, we need to establish robust regulation and a good governance system, particularly by strengthening the institutions of regulation and governance that help to improve regulatory quality, control of corruption, and the rule of law.

Policymakers should prioritize renewable energy investments by offering incentives such as tax breaks and subsidies, which can help remove cost barriers associated with energy transitions. Strengthening governance frameworks is crucial; improving transparency, reducing corruption, and enhancing institutional effectiveness will boost investor confidence and ensure that energy reliability contributes positively to economic development. Furthermore, good governance acts as a moderating factor, mitigating risks associated with mismanagement and ensuring that the benefits of energy reliability are fully realized.

Emerging or developing economies should also foster public-private partnerships to leverage private investment and drive innovation in renewable energy projects. This collaboration can accelerate infra structure development and expand

energy access, improving living conditions and boosting local economies.

Furthermore, investing in capacity-building programs will ensure that the workforce possesses the necessary skills to support the renewable energy sector. Establishing clear environmental regulations for fossil fuel projects is essential to minimize negative impacts, while effective enforcement mechanisms are needed to hold companies accountable.

Policy Recommendations

1. Governments should modernize fuel quality regulations to align with international standards.
2. Independent regulators should be empowered with enforcement autonomy.
3. Penalties for adulteration and fraudulent blending should be increased.

Technical Recommendations

4. Invest in accredited testing laboratories nationwide.
5. Deploy portable field-testing kits at depots and filling stations.
6. Introduce digital chain-of-custody tracking for fuel movement.

Regional / Global Recommendations

7. Strengthen cross-border intelligence sharing on illicit fuel trade.
8. Harmonize regional fuel standards to reduce arbitrage.
9. Support emerging economies through technical assistance and financing.
10. Create public complaint systems and fuel quality transparency dashboards.

Finally, fostering international cooperation will allow emerging economies to share best practices, technologies, and financial resources for energy transition. By implementing these strategic actions, emerging economies can effectively navigate the complexities of energy reliability, promote sustainable economic growth, and ensure that governance frameworks enhance the overall success of energy initiatives.

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