

World Bank Fuel Import Advice Retrogressive, Violates PIA – Energy Expert Warn

Kenneth Amechi, IFE*

Godfrey Okoye University, Enugu, Nigeria

ABSTRACT

An energy economist, Professor Ken Ife, has strongly criticised recent recommendations by the World Bank urging Nigeria to deepen fuel importation and fully liberalise its downstream petroleum sector, describing the advice as “ill-timed, backward and inconsistent with Nigeria’s own laws. Speaking during a televised interview on Nigeria’s economic outlook, Ife argued that while parts of the World Bank’s latest Nigeria Development Update were analytically sound, its position on fuel importation undermines the country’s push for energy independence and local refining capacity. “He said that you cannot come to a country that is struggling and has suddenly developed a vision of becoming economically independent, and then advise it to reverse course and start importing again,” According to him, such recommendations run contrary to the provisions of the Petroleum Industry Act (PIA), which prioritises domestic crude supply for local refiners under the Domestic Crude Obligation framework. “The law is very clear; priority must be given to local refining capacity. Advising Nigeria to abandon that and return to import dependence is not only against government policy but against the PIA law itself,” He warned that increased importation would expose Nigeria to global supply shocks, drain foreign exchange reserves, and weaken ongoing investments in domestic refining, particularly at a time when private sector players are scaling up capacity. He concluded that there is no evidence to support telling Nigeria to depend on imports when major refining countries are restricting exports,”

Keywords: World, Bank, Fuel, Import, Advice, Retrogressive, Violates PIA, Energy, Expert Warn

INTRODUCTION

The World Bank's April 2026 advice, urging Nigeria to reopen fuel import licenses and deepen downstream sector liberalization has faced significant backlash, with energy experts arguing the recommendation is ill-timed, economically regressive, and in direct violation of the Petroleum Industry Act (PIA). The core legal and policy challenges stem from the conflict between the World Bank's recommendation to import and Nigeria's stated goal of local energy self-reliance, particularly via the Dangote Refinery. (Ife 2026).

On inflation and cost of living, he argued that Nigeria's challenges are not due to a lack of resources but policy inconsistencies in implementing domestic supply frameworks. “Fuel price pressures in Nigeria are largely contrived. If local refiners are given crude at the terms stipulated by law, they will stabilise prices and reduce volatility,” he explained. He also took issue with the Bank's push for expanded social safety

nets funded through borrowing, warning that such measures contradict Nigeria's fiscal laws. “Social safety nets are necessary, but you do not borrow to share money. The law allows borrowing for capital projects and human development, not consumption. If support is needed, let it come as grants, not loans,” he said.

It should be recalled that the World Bank's recommendations have sparked renewed debate over Nigeria's fuel policy, with critics warning that increased importation could undermine recent gains in local refining and expose the economy to external shocks. The remarks came amid growing debate over the World Bank's position on Nigeria's fuel supply strategy and downstream reforms. He made this known during a televised interview on Nigeria's economic outlook, where he assessed the bank's latest Nigeria Development Update. While acknowledging parts of the report as analytically sound, he argued that its stance on fuel imports contradicts Nigeria's policy direction. “We are building refining capacity that will

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exceed local demand and position Nigeria as an energy exporter. How can anyone recommend that we abandon this and return to reckless importation?" he queried. The economist further described the recommendation as lacking empirical grounding. While acknowledging the World Bank's accurate assessment of Nigeria's macroeconomic trends, such as GDP growth projections and sectorial performance. Ife maintained that its stance on fuel policy could worsen economic conditions.

Professor Ife concluded that Nigeria's long-term economic stability lies in reducing import dependence and strengthening local value addition across sectors. "The sustainable path is clear; develop local refining, expand processing capacity and build economic sovereignty. Exporting raw materials and importing finished products only exports jobs and imports poverty," he added.

Conceptual Reviews from Legal and Policy Challenges

Violation of the Petroleum Industry Act (PIA): Experts, including Prof. Ken Ife, argue that encouraging fuel imports violates the PIA 2021, which mandates prioritizing local refining and supplying domestic crude to local refiners under the Domestic Crude Obligation framework.

Undermining Investment (Investor Confidence): The Dangote Refinery, representing a multi-billion-dollar investment, provides a significant share of Nigeria's petrol. Critics argue that shifting policy back to imports (reopening licenses) penalizes local refining and discourages future investment in domestic infrastructure.

Economic Sovereignty & National Security: The recommendation is viewed as a reversal of Nigeria's push for energy self-reliance, returning the country to "reckless" import dependency at a time when major refining nations are restricting exports.

Contradiction with Fiscal Responsibility Laws: The World Bank's suggestion to fund expanded social safety nets through borrowing is criticized as violating laws that restrict borrowing to capital projects rather than consumption.

Contrived Pricing Concerns: Critics note that fuel price pressures are "contrived" by inefficient supply management rather than lack of local supply, arguing that enforcing the PIA's local supply laws would stabilize prices better than importing.

The Guardian Nigeria News: Backlash and Clarification

Report Withdrawal: Following intense criticism and debates over the feasibility of the recommendations, the World Bank temporarily took down its Nigeria Development Update report from its website.

Revaluation of Import Costs: While the World Bank suggested imports were ~12% cheaper, critics question this, stating it ignores full logistics costs (freight, insurance, storage) and that domestic production is key to long-term economic sustainability.

Call for Gradualism: The Bank subsequently clarified that its position was not a "blanket endorsement" and that reforms should be gradual and carefully managed to avoid damaging local refining.

Summary of Expert Position: The consensus among critics is that to improve economic conditions, Nigeria must enforce the PIA to prioritize local refining, rather than reverting to imports which risk triggering higher inflation and increased foreign exchange pressure.

Chima Nwoko (2026) said that the World Bank has raised concerns over Nigeria's fiscal framework, revealing that more than N34.53 trillion was diverted from federation revenue over the past three years through pre-distribution deductions. In its latest Nigeria Development Update obtained from its website, the global lender disclosed that although total federation revenue rose sharply to about N84 trillion between 2023 and 2025, about 41 per cent of the earnings did not reach the Federation Account for distribution to the federal, state and local governments. According to the report, gross revenue increased from N17.08 trillion in 2023 to an estimated N37.44 trillion in 2025. However, deductions classified as "first-line charges" also rose significantly, from N6.22 trillion to nearly N15 trillion within the same period, reducing the pool of funds available for distribution.

The World Bank noted that the development has created a paradox in which rising revenues have not translated into improved public spending capacity, as a substantial portion is automatically retained by certain agencies before allocation. It explained that reforms such as the removal of petrol subsidy and foreign exchange adjustments boosted nominal revenues, but much of the gains were offset by the structure of deductions tied to cost of collection and statutory transfers.

Agencies such as the Nigeria Customs Service, Nigerian National Petroleum Company Limited, and the Federal Inland Revenue Service account for a significant portion of these deductions. The report stated that their funding is based on fixed percentages of gross revenue, leading to higher allocations as revenues increase. Describing the model as “pro-cyclical”, the Bretton Woods institution said it operates outside the conventional budgetary framework and weakens legislative oversight. In some cases, allocations to individual agencies exceed the revenues of several states and even the budgets of key federal ministries.

The report also highlighted the impact on public finances, noting a decline in capital expenditure from N5.5 trillion in 2024 to N4.5 trillion in 2025, with only about 25 per cent of the approved capital budget implemented. Meanwhile, the federal fiscal deficit remained elevated at N16.9 trillion, driven by debt servicing and recurrent expenditure. The World Bank warned that the current arrangement undermines fiscal transparency and accountability, as significant portions of public revenue are spent outside the standard appropriation process.

Providing expert insight, an economist at Covenant University, Yemisi Ayinde, said the issue reflects deeper structural weaknesses in Nigeria’s public finance system. He explained that the diversion of about 41 per cent of federation earnings through pre-distribution deductions points to “a broader framework of fiscal fragmentation, bureaucratic self-allocation and weak legislative appropriation control”, resulting in what he described as a parallel fiscal system. According to him, statutory revenue retention mechanisms, initially designed as cost-recovery tools, have evolved into entrenched structures that distort resource allocation and weaken

the link between macroeconomic reforms and real sector outcomes.

Yyinde (2026) added that the trend has created a macro-fiscal paradox of rising revenues alongside shrinking discretionary fiscal space, leading to constrained capital formation, weaker fiscal multipliers and increased dominance of debt servicing over development expenditure. He further noted that the arrangement raises concerns about transparency, accountability and legal compliance, warning that it could erode parliamentary control over public finances and weaken the social contract.

Also commenting, President of the Capital Markets Academics Association of Nigeria, Uche Uwaleke, (2026) described the World Bank’s findings as valid and consistent with concerns previously raised by local experts. “The Federation Account has continued to experience leakages despite reforms,” he said, noting that measures such as Executive Order were steps in the right direction but insufficient. Uwaleke called for stronger efforts to reduce the high cost of revenue collection, which he said is inconsistent with global best practices, adding that broader reforms are needed to plug persistent leakages.

Muda Yusuf, (2026), Chief Executive Officer of the Centre for the Promotion of Private Enterprise, similarly, stressed the need for improved transparency and accountability across all tiers of government to ensure that increased revenues translate into better living conditions for citizens. The report, titled “Nigeria’s Tomorrow Must Start Today: The Case for Early Childhood Development”, also highlighted longstanding weaknesses in Nigeria’s budget process, including the absence of a comprehensive organic budget law. It noted that delays in budget approval, such as the late passage of the 2025 budget and the delay in approving the 2026 budget as of March 25, 2026, have reduced predictability for programme implementation.

According to the World Bank, weak coordination between the executive and legislative arms has led to frequent and often untracked changes to budget proposals, undermining macro-fiscal planning. “These weaknesses have contributed to unrealistic revenue and capital expenditure projections that are consistently missed,” the report stated, adding that the

extension of budget cycles has resulted in overlapping implementation and weakened financial reporting.

To address the challenges, the World Bank recommended a comprehensive overhaul of the revenue management framework, including channeling agency funding through the annual budget process and subjecting it to legislative approval. It also called for a reduction in cost-of-collection charges and the elimination of fixed-percentage allocations, noting that such reforms would boost net revenues available for development. The institution cautioned that failure to implement these measures could further constrain Nigeria's fiscal space and undermine recent economic reforms.

Reactions As World Bank Says Nigerian Economy Resilient, Will Grow In 2026

Mark Itsibor (2026) reported that Nigeria's economy is projected to remain resilient in the face of mounting global uncertainties, with the World Bank forecasting a 4.2 per cent growth rate in 2026. However, the institution has warned that rising fuel costs and persistent inflation — exacerbated by geopolitical tensions in the Middle East — could undermine household incomes and slow poverty reduction.

Speaking in Abuja, the bank's lead economist for Nigeria, Fiseha Haile, noted that while the ongoing U.S./Israel-Iran conflict has pushed up prices, overall economic activity has remained largely intact. According to him, business activity has continued to expand in recent months, indicating that the broader impact on growth has been "relatively contained," even as inflationary pressures intensify.

Nigeria's inflation rate, though significantly reduced from around 33 per cent in December 2024 to 15.06 per cent in February 2026, remains elevated compared to regional peers. The renewed surge in fuel prices reportedly rising by over 50 percent during the Iran conflict has fed into transportation, food, and production costs, amplifying the cost-of-living crisis. The World Bank urged Nigerian authorities to adopt prudent macroeconomic measures, including tightening monetary policy, avoiding blanket subsidies, and saving windfalls from higher oil prices to strengthen fiscal buffers. He recommended reconsidering restrictions on fuel imports as a potential tool to ease inflationary pressures.

The economic reforms under President Bola Tinubu including the removal of fuel subsidies, exchange rate unification, and tax restructuring were acknowledged as ambitious steps aimed at stabilising the economy. These reforms have contributed to improved external buffers, with rising foreign exchange reserves and reduced volatility. Additionally, Nigeria's fiscal deficit stood at 3.1 per cent of GDP in 2025, while the debt-to-GDP ratio declined for the first time in a decade. The World Bank cautioned that tighter global financial conditions could still pose risks to capital inflows, borrowing costs, and remittances.

Experts Push Back on World Bank Prescriptions

Despite the cautiously optimistic outlook, Nigerian economic experts have expressed strong reservations about the World Bank's recommendations, particularly its advocacy for free trade and fuel import liberalisation. A development economist and consultant to ECOWAS, Professor Ken Ife, criticised the World Bank's policy stance as overly aligned with Western economic interests. According to him, the push for free trade often disadvantages developing economies by encouraging import dependence rather than domestic production. "Countries like China and Kazakhstan prioritise protecting their domestic economies," Ife argued, noting that China imports crude oil but restricts exports of refined products to safeguard local industries. He drew parallels with the COVID-19 pandemic, when countries such as India curtailed pharmaceutical exports despite relying on imported raw materials. Similarly critical of the World Bank's position, economic analyst Okey Inuegbu dismissed the institution's forecasts and policy advice, arguing that they have historically failed to benefit developing economies. "The government should not rely on the World Bank's recommendations," he said, urging policymakers to prioritise domestic production as the cornerstone of economic recovery.

Ife, (2026) however, acknowledged the validity of the World Bank's concerns regarding inflation. He agreed that the sharp rise in fuel prices inevitably triggers higher transportation and food costs, compounding inflationary pressures already influenced by seasonal and security-related factors. On fiscal policy, the development economist strongly supported the call to save oil windfalls but criticised

the government's spending patterns. He argued that Nigeria should channel excess oil revenues into strategic reserves, foreign exchange buffers, and the sovereign wealth fund to create long-term economic stability. "Conventional wisdom dictates that some of this revenue should go into reserves and debt reduction to create fiscal space," Ife said. He also warned against excessive public spending following the recent expansion of the national budget to N68 trillion.

He advocated the establishment of strategic crude reserves in oil-producing states such as Bayelsa, Rivers, and Ondo, which could support local refineries and stabilise supply. In a more controversial stance, Ife called for restructuring the Nigerian National Petroleum Company Limited (NNPCL), urging it to exit midstream and downstream operations. "They should focus on upstream activities and divest from refineries," he said, blaming inefficiencies in the sector for Nigeria's continued reliance on fuel imports. Ife also rejected the World Bank's recommendation to liberalise fuel imports, describing it as inconsistent with Nigeria's Petroleum Industry Act (PIA), which prioritises domestic refining. He argued that expanding imports would undermine local refining capacity and perpetuate economic vulnerabilities. (Ife 2026).

On his part, Inuegbu (2026) emphasized that addressing insecurity particularly in key agricultural regions such as Benue State could yield immediate economic benefits by enabling farmers to return to their fields. He described this as a short-term solution with rapid impact, given Nigeria's seasonal farming cycles. "If security is restored, production will rise almost immediately," he noted, adding that increased agricultural output would reduce dependence on imports and ease inflationary pressures. He also advocated for labour-intensive public works programmes to tackle unemployment, suggesting that the government could engage citizens in infrastructure maintenance while paying minimum wages. On fuel policy, Inuegbu aligned with Ife in opposing import liberalisation. He argued that increased imports would drive prices higher due to foreign exchange costs, whereas supplying crude oil to domestic refiners in naira could stabilise prices.

He pointed challenges faced by local refineries, including those operated by the Dangote Group, which have had to rely on imported crude due to supply constraints. According to him, strengthening domestic supply chains and building fuel reserves would be more effective than opening up imports. The divergence between the World Bank's recommendations and local expert opinions underscores a broader debate about Nigeria's economic direction. While international institutions emphasise market-driven reforms and fiscal discipline, domestic analysts are calling for a more protectionist, production-focused approach tailored to Nigeria's unique challenges. Both sides, however, agree on key risks: inflation remains a significant threat, fuel price shocks continue to ripple through the economy, and without careful policy calibration, gains in growth could be undermined by declining living standards. (Inuegbu, 2026)

President of the Institute of Professional Economists and Policy Management (IPEPM), Prof. Kenneth Ife, has said that closing gender gaps and fully unlocking women's economic potential could add \$12 trillion to the global economy. He warned that Nigeria cannot achieve inclusive or sustainable growth without prioritising women's participation. Ife spoke during the launch of the Women in Economics and Development Foundation (WEDF), themed "A Catalyst for Inclusive Growth and Sustainable Development", and the unveiling of the organisation's empowerment programme in Abuja

Meanwhile, Founder of WEDF, Dr Annette Mubarak, said that the Foundation emerged from a burning desire to see women rise as catalysts for economic transformation and digital innovation. She noted that women's contributions from the classrooms, corporate offices, or ministries have often been undervalued. Mubarak, who said the Foundation's programme would focus on capacity development, mentorship, entrepreneurship, access to finance, and policy advocacy, described the initiative as the beginning of a revolution of minds, opportunities, and transformation, reiterating that women are not waiting for change; they are the catalysts of change.

Ife, a global economic analyst, noted that women contribute 43 of agricultural labour and represent one in three businesses, yet they receive less than 10 per

cent of available venture capital. He lamented that in Nigeria, women constitute roughly 49 per cent of the population, but hold only 22 per cent of senior economic leadership positions. The don, therefore, warned that these structural inequities come at a high cost, saying that closing the gender gap in economic participation could contribute an additional \$12 trillion to global economic output. He also stressed that improving gender parity could strengthen governance and national economic resilience, saying that countries with more equitable participation of women in economic decision-making experience higher GDP growth and progress toward Sustainable Development Goals (SDGs), including poverty reduction, gender equality, decent work, and strong institutions. (Ife, 2025).

(Ife, 2026), however, urged policymakers, institutions, and private sector actors to create platforms and strategies that would integrate women into key economic decision-making spaces, saying that unlocking women's economic power is central to Nigeria's growth and Africa's development. He said: "The opportunity of unlocking women's economic power allows you to boost GDP, give you stronger SMEs, create more resilient households, increase employment and also improve governance."

Nigeria's Challenges Due to Inconsistencies in Implementing Domestic Supply Policies'

On inflation and cost of living pressures, the economist said Nigeria's challenges are not due to resource constraints but inconsistencies in implementing domestic supply policies. "Fuel price pressures in Nigeria are largely contrived. If local refiners are given crude at the terms stipulated by law, they will stabilise prices and reduce volatility," he said. The expert further criticised the World Bank's push for expanded social safety nets funded through borrowing, warning that such measures could worsen fiscal pressures. Social safety nets are necessary, but you do not borrow to share money. The law allows borrowing for capital projects and human development, not consumption. If support is needed, let it come as grants, not loans," he said.

CONCLUSION

Prof Ife concluded that there is no evidence to support telling Nigeria to depend on imports when major

refining countries are restricting exports," That Nigeria's long-term economic stability lies in reducing import dependence and strengthening local value addition across sectors. "The sustainable path is clear; develop local refining, expand processing capacity and build economic sovereignty. Exporting raw materials and importing finished products only exports jobs and imports poverty,"

RECOMMENDATIONS

Develop local refining, expand processing capacity, and build economic sovereignty. Exporting raw materials and importing finished products only exports jobs and imports poverty. Nigeria's long-term economic stability depends on reducing import dependence and strengthening local value addition across sectors.

On inflation and cost of living pressures, the economist said Nigeria's challenges are not due to resource constraints but inconsistencies in implementing domestic supply policies. "Fuel price pressures in Nigeria are largely contrived. If local refiners are given crude at the terms stipulated by law, they will stabilise prices and reduce volatility," he said. The expert further criticised the World Bank's push for expanded social safety nets funded through borrowing, warning that such measures could worsen fiscal pressures. "Social safety nets are necessary, but you don't borrow to share money. The law allows borrowing for capital projects and human development, not consumption. If support is needed, let it come as grants, not loans," he said. "The sustainable path is clear; develop local refining, expand processing capacity, and build economic sovereignty. Exporting raw materials and importing finished products only exports jobs and imports poverty."

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