



Perceived Impact of Economic Policies on Green Growth in Southern Nigeria

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Abstract

In a functional economy, economic policies are designed to regulate industrial activities, promote clean energy, and encourage environmentally responsible investment, all of which are essential for sustainable development. To assess how these policies affect green growth, the study examined their impact in Southern Nigeria. A descriptive survey design was employed because the population comprised all self-employed persons in five South-South states of Nigeria. These individuals were drawn from both public and private organisations. Purposive and simple random sampling techniques were used to recruit 1200 participants. The Impact of Economic Policies on Green Growth Questionnaire (JEPGGQ), which contains 20 closed-ended items, was designed with a 4-point Likert scale to collect data. The instrument demonstrated both face and content validity, and a reliability index of .809 was determined using Cronbach's alpha. Data were analysed using simple descriptive statistics. The results revealed that harsh and unstable fiscal policies do not promote green growth in a country. The study concluded that effective enforcement of regulations encourages industries to adopt cleaner production technologies, thereby improving waste treatment systems and reducing environmental degradation. Among other recommendations, the study recommended that the government should strengthen public institutions that create awareness and increase stakeholders' participation.

Keywords: Economic Policies, Green growth, Wealth, Environmental Degradation, Impact

Introduction

Green growth has increasingly been recognised as an essential pathway to sustainable economic development while protecting the environment. The concept of green growth emerged as a strategic pathway to sustainable development by integrating economic advancement with environmental protection. This approach emphasises the efficient use of natural resources, the reduction of environmental degradation, and the promotion of environmentally friendly technologies, while maintaining optimal economic productivity. In many developing economies, including Nigeria, the pursuit of green growth has become increasingly important due to the growing challenges posed by climate change, environmental degradation, and unsustainable exploitation of natural resources. Researchers such as Oyebanji et al. (2017) noted that effective economic policies play a critical role in facilitating the transition towards a green economy by encouraging the adoption of renewable energy, sustainable industrial practices, and environmentally responsible investments. However, the effectiveness of such policies depends largely on their coherence, consistency, and implementation mechanisms within the broader economic system. Naturally, the Niger Delta region of Nigeria is characterised by numerous natural deposits, often associated with its green endowment. The area is known as a green vegetation where natural deposits, numerous environmental activities that demand human interaction, and economic activities are attributed to the area. Oil firms and other natural resources are based in the South; palm production and all forms of aquatic activities thrive in the region. This region contributes the most to Nigeria's GDP and accounts for about 70% of its revenue annually since the oil boom era of 1987. As expected, government policies if harsh or mild have an indirect way of contributing towards the viability of the green growth in Southern Nigeria.

Economically, these policies constitute a set of government actions and regulatory frameworks aimed at influencing macroeconomic stability, industrial development, environmental sustainability, and resource allocation. In Nigeria, economic policies relating to taxation, energy pricing, environmental regulation, and industrial development sharpen the trajectory of economic growth and environmental sustainability. Ideally, these policies should create incentives for environmentally sustainable production and consumption patterns. Research from Bello et al. (2025) emphasises that institutional weaknesses and policy fragmentation remain major barriers to achieving sustainable economic transformation and green development in Nigeria. Nevertheless, policy inconsistencies, weak institutional capacity, and regulatory enforcement gaps often undermine their effectiveness.

The relevance of green growth in Nigeria stems from the country's heavy reliance on resource-intensive sectors such as oil and gas, manufacturing, and agriculture, which contribute significantly to environmental degradation. Southern Nigeria is marked by intense industrial activity, urbanisation, and petroleum exploration, and faces severe environmental challenges, including oil spills, deforestation, air pollution, and waste management problems. These environmental pressures threaten ecological sustainability and economic productivity in the region. Economic policies designed to regulate industrial activities, promote clean energy, and encourage environmentally responsible investment are essential to sustainable development in this region. When such policies are inconsistent, poorly implemented, or influenced by short-term economic priorities, they can hinder green growth initiatives.

In structural economics, the “impact” of economic policy refers to structural and institutional impediments that undermine the intended outcomes of policy frameworks. These policies are often characterised by abrupt changes, policy reversals, and inadequate coordination among government institutions. These challenges frequently create uncertainty for investors and limit the effectiveness of green development initiatives. Studies on environmental regulation in developing economies indicate that poorly coordinated policy frameworks can reduce the effectiveness of environmental protection measures and slow the transition towards green growth (Raji, 2023). Such policy distortions may discourage investment in renewable energy, sustainable infrastructure, and environmentally friendly industrial practices. Financing mechanisms and policy support structures are essential components of green growth strategies. Green finance instruments such as green bonds, renewable energy investments, and environmentally focused credit facilities have been identified as critical drivers of sustainable economic transformation. Eke and Emasogbe (2025) suggest that investments in renewable energy and green financing significantly contribute to sustainable development and environmentally responsible economic growth in Nigeria. Despite these opportunities, the absence of stable and supportive economic policy frameworks can limit the effectiveness of these initiatives and slow the transition to a green economy. Given these challenges, there is a growing need to critically examine how economic policies influence green growth, particularly in regions with significant industrial activities such as Southern Nigeria. Understanding the structural and institutional barriers embedded within economic policy frameworks is essential for identifying the factors that hinder sustainable development. This study therefore investigates the impact of economic policies on green growth, evaluating how policy inconsistencies, institutional weaknesses, and economic priorities affect the implementation of environmentally sustainable development strategies. Such an investigation is important for providing insights to guide policymakers in designing more coherent and effective economic policies that promote green growth and sustainable industrial development.

Theoretical Framework of the Study

The study adopted the Environmental Kuznets Curve (EKC) theory. This theory, proposed by Grossman and Krueger (1995), explains the relationship between economic growth and environmental degradation. The EKC theory holds that environmental pollution initially increases during the early stages of economic development but begins to decline after a certain level of income and technological advancement is achieved. Rapid industrialisation, oil exploration, urbanisation, and infrastructure development often lead to environmental problems such as deforestation, pollution, and carbon emissions. Economic policies that prioritise growth without environmental safeguards may worsen these impacts. The Environmental Kuznets Curve theory is highly relevant for explaining the impact of economic policies on green growth in Southern Nigeria. Southern Nigeria is characterised by intense economic activity, including oil exploration, industrialisation, urbanisation, and agricultural expansion, particularly in regions such as the Niger Delta. These activities have significantly contributed to economic growth but have also led to environmental challenges, including oil spills, gas flaring, deforestation, and water pollution.

However, policies that promote clean technology, environmental regulation, and sustainable energy can help move the economy towards the downward part of the EKC, where growth becomes environmentally friendly. This theory helps explain how poorly structured economic policies may delay the transition from environmentally harmful growth to green growth, creating the “impact” that this study investigates. From the EKC perspective, the environmental degradation observed in Southern Nigeria reflects the early to middle stages of economic development, in which economic policies often prioritise revenue generation and industrial growth over environmental sustainability. Government policies supporting oil extraction, infrastructure expansion, and industrial development have sometimes neglected environmental protection, thereby undermining green development goals.

In Southern Nigeria, where economic activities such as oil exploration, industrial production, agriculture, and urban expansion are intense, the need for environmentally friendly economic policies is particularly critical, as the region is currently plagued by harsh economic policies. Despite several policy initiatives aimed at promoting sustainable development, the region continues to experience environmental degradation, deforestation, pollution and climate challenges. This situation suggests that existing economic policies may not be effectively aligned with the principles of green growth. The persistent gap between policy formulation and environmental sustainability outcomes raises concerns about the effectiveness, consistency and implementation of economic policies intended to drive green development in the region. These challenges are associated with policy inconsistencies, weak institutional enforcement and the dominance of short-term economic interests over long-term environmental sustainability. Many economic policies prioritise revenue generation, especially from extractive industries, with limited integration of environmental considerations. As a result, the expected transition towards green growth remains slow and fragmented, thereby creating what may be described as an “impact” or barrier within the policy environment. This situation has led to ongoing environmental degradation and limited progress toward sustainable economic transformation in the region. Therefore, it becomes necessary to examine how economic policies influence green growth in Southern Nigeria and to identify the structural and institutional factors that hinder the effective realisation of environmentally sustainable economic development.

The main purpose of this study is to investigate the impact of economic policies on green growth in Southern Nigeria. Specifically, the study also seeks to:

1. Assess the influence of fiscal policies on promoting green growth in Southern Nigeria
2. Examine the degree to which policy implementation challenges prevent the development of green growth in Southern Nigeria
3. Explore the impact of environmental regulatory policies on sustainable industrial development in Southern Nigeria.

The study aims to provide answers to the following research questions:

1. How has inconsistency in fiscal policies influenced the promotion of green growth in Southern Nigeria?
2. To what extent do policy implementation challenges prevent the development of green growth in Southern Nigeria?
3. What is the impact of environmental regulatory policies on sustainable industrial development in Southern Nigeria?

Hypothesis

H0₁: There is no significant contributory influence of inconsistent fiscal policies, challenges of policy implementation and environmental regulatory policy on the development of green growth in Southern Nigeria

Methodology

A descriptive survey research design was employed in this study. This design provides information on a relatively large population and permits descriptive analysis. The study population comprised all self-employed persons in five South-South states of Nigeria. These persons comprised all public and private organisations. Through purposive and simple random sampling techniques, a total of 1200 participants from the five states (Delta, Bayelsa, Rivers, Akwa-Ibom, and Cross River) in the southern part of Nigeria were captured in this study. A researcher-structured questionnaire titled the Impact of Economic Policies on Green Growth in Southern Nigeria Questionnaire (JEPGGQ), which contains 20 closed-ended items, was designed using a 4-point Likert scale (Strongly Agree, Agree, Disagree,

and Strongly Disagree) and was used to collect data. The instrument was converted into a soft copy (Google Form), and some hard copies were printed and administered directly using Google Forms and volunteers across the state. The instrument meets both face and content validity, as confirmed by Economists in the Economics Department, Lagos State University of Education, Lagos State. Cronbach's alpha yielded an index of .809, which shows the instrument is very reliable for the study. The harvested data from the respondents (online and hard copies) were analysed using simple percentages for the research questions, and the null hypothesis was analysed using regression analysis. The responses from the four-point Likert scale were collapsed into Agreed and Disagreed, and analysed using percentages.

Results

Table 1: Influence of inconsistency in fiscal policies on promotion of green growth (n=1200)

s/n	Statement	A	%	D	%
1	Inconsistent government spending priorities hinder long-term planning for environmental conservation initiatives	906	75.5	294	24.5
2	The promotion of green growth in Southern Nigeria is adversely affected by erratic fiscal policy implementation	751	62.6	449	37.4
3	Businesses are hesitant to invest in energy-efficient technologies due to unstable fiscal policies.	319	26.6	881	73.4
4	Unpredictable fiscal policies reduce the effectiveness of green infrastructure projects in Southern Nigeria.	763	63.6	437	36.4
5	Lack of consistency in government subsidies undermines efforts toward sustainable agriculture.	795	66.2	405	33.8
6	Frequent changes in tax incentives negatively affect businesses adopting environmentally friendly practices.	980	81.7	220	18.3
7	Inconsistent fiscal policies in Southern Nigeria discourage private sector investment in renewable energy projects	807	67.2	393	32.8

Table 1 shows participants' responses regarding how inconsistency in fiscal policies influences the promotion of green growth, especially in Southern Nigeria. Out of 1200 participants, 906(75.5%) agrees that inconsistent government spending priorities hinder long-term planning for environmental conservation initiatives as 294(24.5%) disagrees; 751(62.6%) agrees that the promotion of green growth in the region is adversely affected by erratic fiscal policy implementation as 449(37.4%) disagrees; 881(73.4%) disagrees that businesses are not hesitant to invest in energy-efficient technologies due to unstable fiscal policies while 319(26.6%) agrees; 763(63.6%) agrees that unpredictable fiscal policies reduce the effectiveness of green infrastructure projects as 437(36.4%) vehemently disagree; 795(66.2%) agrees that lack of consistency in government subsidies undermines efforts toward sustainable agriculture. Also, 980 persons (81.7%) agree that frequent changes in tax incentives negatively affect businesses adopting environmentally friendly practices, while 807 (67.2%) respondents agree that inconsistent fiscal policies discourage private-sector investment in renewable energy projects in the region.

Table 2: Policy implementation challenges and development of green growth (n=1200)

s/n	Statement	A	%	N	%
1	Corruption in policy execution reduces the effectiveness of green growth programs in Southern Nigeria.	1025	85.4	175	14.6
2	Limited technical expertise among policy implementers restricts the success of green growth projects	789	67.5	411	34.3
3	Bureaucratic delays in policy implementation hinder the effective implementation of green growth programs.	982	81.8	218	18.2%
4	Insufficient monitoring and enforcement of environmental policies prevent sustainable green growth	780	65.0	420	35.0
5	Lack of coordination among government agencies negatively affects the development of green growth.	836	69.4	364	30.3
6	Frequent changes in government policies create uncertainty that slows down green growth initiatives.	902	75.2	298	24.8
7	Inadequate funding for environmental policies in Southern Nigeria limits the growth of green initiatives.	737	61.4	463	38.6

Table 2 presents participants' responses on the extent to which policy implementation challenges hinder the development of green growth in Southern Nigeria. Of the 1200 respondents, 1025 (85.4%) agreed that corruption in policy execution drastically reduces the effectiveness of green growth programmes; 982 (81.8%) agreed that bureaucratic delays in policy implementation hinder effective green growth projects; 902 (75.2%) agreed that frequent changes in government policies create uncertainty that slows down green growth initiatives; 836 (64.9%) agreed that a lack of coordination among government agencies negatively affects the development of green growth; 789 (67.5%) agreed that limited technical expertise among policy implementers restricts the success of green growth projects; 780 (65%) agreed that insufficient monitoring and enforcement of environmental policies prevent sustainable green growth, while 737 (61.4%) agreed that inadequate funding for environmental policies in Southern Nigeria has contributed to limiting the growth of green initiatives.

Table 3: Impact of environmental regulatory policies on sustainable industrial development (n=1200)

s/n	Statements	A	%	D	%
1	Strict enforcement of environmental laws encourages industries to adopt sustainable production practices	892	74.3	308	25.7
2	Environmental regulatory policies have positively influenced the adoption of green technologies in industrial sectors	902	75.2	298	24.8
3	Lack of adequate monitoring and enforcement reduces the effectiveness of environmental policies in Southern Nigeria.	1004	83.7	196	16.3
4	Environmental regulatory policies in Southern Nigeria have significantly reduced industrial pollution.	784	65.3	416	34.7
5	Environmental regulatory policies contribute to long-term sustainable industrial development in Southern Nigeria.	897	74.5	303	25.5
6	Industries in Southern Nigeria are aware of and comply with environmental regulatory standards.	902	75.1	298	24.9
7	Current environmental regulations in Southern Nigeria hinder industrial growth due to high compliance costs.	881	73.4	319	26.6

Table 3 shows participant responses on the impact of environmental regulatory policies on sustainable industrial development in Southern Nigeria. Out of 1200, 1004(83.7%) agrees that lack of adequate monitoring and enforcement reduces the effectiveness of environmental policies in Southern Nigeria; 902(75.1%) agrees that industries in Southern Nigeria are aware of and comply with environmental regulatory standards; 902(75.2%) also agrees that Environmental regulatory policies have positively influenced the adoption of green technologies in industrial sectors; 897(74.5%) agrees that Environmental regulatory policies contribute to long-term sustainable industrial development in Southern Nigeria; 892(74.3%) agrees that strict enforcement of environmental laws encourages industries to adopt sustainable production practices; 881(73.4%) agrees that Current environmental regulations in Southern Nigeria hinder industrial growth due to high compliance costs; 784(65.3%) agrees that Environmental regulatory policies in Southern Nigeria have significantly reduced industrial pollution.

Discussion

The results in Table 1 showed that inconsistent fiscal policies undermine the promotion of green growth in Southern Nigeria. Fiscal policy instruments such as environmental taxation, public expenditure on renewable energy, and incentives for green investment require stability and long-term commitment to effectively support environmentally sustainable development. Frequent policy reversals, weak implementation, and uncertainty in government spending often discourage private and public investment in green technologies and environmental management. The outcome of this study aligns with Aina (2025), who reported that economic policy uncertainty in Nigeria weakens investment decisions and slows development in sectors such as renewable energy and sustainable infrastructure, thereby limiting the transition to a low-carbon economy. Inconsistent fiscal measures reduce the effectiveness of environmental regulatory mechanisms and fiscal incentives designed to curb emissions and promote sustainable industrial practices in Nigeria. Similarly, the limited and unstable application of carbon-related fiscal instruments and green finance policies has been identified as a major barrier to achieving sustainable development goals in Nigeria's economy. This is due to policy inconsistency undermining investors' confidence, weakening environmental governance, and slowing the adoption of green economic practices in vegetative areas across the country. Therefore, bolstering green growth

efforts, stimulating investment in renewable energy, and advancing ecologically sustainable industrial development in the region all depend on stable and well-coordinated fiscal policies.

Data from Table 2 reveal that policy implementation challenges constrain the development of green growth in Southern Nigeria. Although most existing environmental and renewable energy policies are designed to promote sustainable development, their practical implementation remains limited due to institutional and administrative constraints. Studies by Haladu and Bin-Nashwan (2021) and Ibrahim (2023) indicate that weak enforcement of environmental regulations allows industries and individuals to disregard sustainability standards, thereby increasing environmental degradation and reducing the effectiveness of green growth initiatives. Inadequate funding and limited technical capacity among regulatory agencies hinder monitoring, enforcement, and the prompt execution of environmental programmes, thereby slowing the transition to sustainable production and consumption patterns. Studies also emphasise that fragmented governance structures and poor coordination among environmental agencies often create overlapping responsibilities and bureaucratic delays that weaken policy effectiveness. In addition, corruption, insufficient public awareness of environmental sustainability, and conflicting economic priorities, particularly the dominance of oil-dependent development strategies, have reduced commitment to implementing green growth policies at national and sub-national levels. Data from Table 3 show that environmental regulatory policies significantly affect sustainable industrial development in Southern Nigeria. Regulatory frameworks, particularly those implemented through the National Environmental Standards and Regulations Enforcement Agency, are designed to ensure that industrial operations comply with environmental standards such as environmental impact assessments, waste management procedures, and emission control mechanisms. The findings of this work align with Ejiofor (2025), who stated that effective enforcement of these regulatory measures would encourage industries to adopt cleaner production technologies and improve waste treatment. Regulatory agencies were responsible for the closure of several non-compliant industrial facilities in states such as Anambra, Enugu, Bayelsa, and Rivers for failing to conduct environmental impact assessments or install effluent treatment plants, demonstrating the regulatory pressure placed on industries to operate in environmentally responsible ways. This regulatory oversight compelled industries to integrate environmental considerations into their operational strategies, which ultimately enhances long-term industrial productivity, environmental protection, and community well-being.

The data in Table 4 show that inconsistent fiscal policies, challenges in policy implementation, and weak environmental regulatory frameworks collectively exert a significant influence on the development of green growth in Nigeria. The findings reveal that fluctuations and uncertainties in fiscal policy reduce investors' confidence in sustainable and environmentally friendly investments, thereby slowing the transition towards green economic activities. Research has also shown that economic policy uncertainty in Nigeria discourages investment and weakens market confidence, which ultimately constrains sustainable economic transformation and long-term growth. The findings corroborate those of Onanuga and Onanuga (2019), who affirmed that inadequate and inconsistent fiscal instruments, such as carbon taxation, green subsidies, and environmental levies, contribute to limiting the effectiveness of government efforts to promote green finance and environmentally responsible production systems. It is clear that policy implementation challenges, such as weak institutional capacity, corruption, and poor enforcement mechanisms, undermine the effectiveness of environmental regulatory policies designed to control pollution and promote sustainable development. Aina (2025) suggests that although environmental regulations are designed to improve environmental quality and stimulate green growth, their impact largely depends on the strength of institutional enforcement and regulatory compliance. Additionally, the persistence of conflicting policy directions, by way of continued subsidisation of fossil fuels while promoting green initiatives, further constrains the realisation of green growth objectives in Nigeria (Omodero, 2023).

Conclusion

This study investigated the impact of economic policies on green growth in Southern Nigeria and concluded that inconsistent government spending priorities hinder long-term planning for environmental conservation initiatives. It also affirmed that inadequate funding and limited technical capacity of regulatory agencies hinder effective monitoring, enforcement, and implementation of environmental programmes, slowing the transition to sustainable production and consumption patterns. Effective enforcement of regulations encourages industries to adopt cleaner production technologies, improves waste treatment systems, and reduces environmental degradation, thereby promoting sustainability in industrial activities. Inconsistent fiscal measures reduce the effectiveness of environmental

regulatory mechanisms and fiscal incentives designed to curb emissions and promote sustainable industrial practices in Nigeria.

Recommendations

From the conclusion made in this study, certain recommendations were made; among them are:

1. The government should strengthen public institutions that create awareness and increase stakeholder participation.
2. There should be an improvement in financial inclusion and access to green investment opportunities.
3. There should be a provision of regulatory incentives for green investments across the vegetative environs of the country.

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