GREEN BUDGETING AND SUSTAINABLE DEVELOPMENT IN NIGERIAN LOCAL GOVERNMENTS

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Abstract

The study was carried out to assess the relationship between green budgeting and sustainable development in the Nigerian Local Government. The emphasis of the study relied majorly on the interconnectivity between environmental budget allocation, green public expenditure, environmental accountability and fiscal transparency. The increasing wave of environmental hazards such as incessant flooding, inadequate waste management, rapid environmental degradation and weak sustainability practice were factors that motivated the undertaking of this study. The study adopted survey research designed on a sample of 205respondents selected from budgeting, finance, and treasury, administrative and environmental department of the selected Local Governments in Nigeria. The study utilized structured questionnaire administered to the 205 respondents for the purpose of the analysis. The findings from the multiple regression analysis suggested that transparent budgeting system and accountability mechanisms improve environmental governance in addition to efficient utilization of public funds. Hence, the study recommended that there should be an increased environmental funding, couple with improved fiscal transparency, effective policy implementation, stronger accountability mechanisms, and adoption of *digital budgeting system to ensure sustainable development in Nigeria Local Government.*

Keywords: Accountability mechanism, Environmental degradation, Green budgeting, Flooding, Policy implementation

Introduction

The development in the activities of men and improvement in technology has exposed the world to face environmental challenges which has culminated into finding ways to sustain it. The concept of environmental sustainability is an important issue confronting the governance of public sector primarily because of the changes resulting from climatic condition, desertification, flooding, erosion as well as pollution and indiscriminate waste disposal. These mirage of problems has engulfed the attention of government and its allied institutions to find a way of integrating environmental preservation measures into fiscal planning and fundamentally, public financial management system. It is in view of finding solution to these problems that gave birth green budgeting. According to Organisation for Economic Co-operation and Development (OECD) (2021), green budgeting involves incorporating environmental and climate related issues into the government budgeting, expenditure allocation and policy implementation to support sustainable development and environmental responsibility. Green budgeting is a global strategy aimed at combating environmental global challenges.

Countries across the world have engaged and adopted the practice of green budgeting. The green budgeting frameworks sees that government expenditures effectively and efficiently support environmental protection and climate resilience. For instance, Austria, South Korea and France practiced integrated environmental assessment mechanism as they mainstream in it into their budgetary systems. According to World Bank (2022), this approach helps their government spending to align with sustainable development objectives and global climate commitments. This modality, their governments are able to assess the environmental implications of fiscal policies and ensure efficient allocation of public resources, (World Bank, 2022).

Like other countries of the world, Nigeria is also facing environmental challenges which has possess severe threat to her existential. As noted by Adebayo and Ojo (2020), flooding, deforestation, pollution, inadequate sanitation, indiscriminate waste disposal and oil spillage are among the environmental challenges confronting the country. Adebayo and Ojo (2020) further noted that though, various environmental policies have been introduced but there seems to be inadequate environmental priority areas in public budgeting process particularly, at the Local Government level.

Local governments as the government closer to the people at the grassroots are strategically placed to accelerate environmental sustainability as they are in charge of providing services such as sanitation, waste management, drainage maintenance, rural infrastructure and public health at the grassroots. Eze, (2021) observed that in Nigeria, there are many local governments that still practice outdated or conventional approach in their budgetary systems which their priority is on recurrent and revenue generation instead of giving adequate and sufficient attention to environmental sustainability. According to Eze, (2021) this attitude had contributed immensely environmental mismanagement and as such retard progress towards sustainability. In the words of United Nations Development Programme (UNDP) (2021), the integration of environmental concerns into budgeting systems not only protecting the environmental sustainability but also can improve fiscal transparency, accountability and efficient monitoring of public fund. To this end, green budgeting can provide local government opportunity to allocate financial resources towards environmentally friendly projects.

On the other hand, sustainability development, according to World Commission on Environment and Development (WCED) (1987) stated that it is a development that meet the prevailing needs of the populace without compromise the future. This suggest that sustainability development encompasses economic growth, environmental protection and social welfare. Looking at the environmental challenges in Nigeria, sustainable development has become non-negotiable because of the growth in population explosion, urban setting development, environmental encroachment and the quest to improve in the infrastructure challenges. Hence, it becomes pertinent that adopting environmentally responsive budgeting system is no doubt will enhance environmental governance and public service delivery.

In Nigeria, despite the growing importance of green budgeting across the globe, it appears that Local Governments in Nigeria are yet to fully key into the green budgeting that is linked to environmental sustainability into their financial management practices. Okafor and Ibrahim (2022) clearly added that corruption, weak institutional capacity, inadequate environmental awareness and ineffective monitoring systems are the factors militating against the implementation of environmentally oriented budgeting practices. It is against this backdrop that this study was conducted to examines the effects of green budgeting on sustainable development in Nigeria Local Governments. Therefore, the study examined the effect of green budgeting on sustainability development in Nigeria Local Government. The specific objectives are to:

i. assess the effect of environmental budgeting allocation on sustainable development in Nigeria Local Government;
ii. examine the relationship between green public expenditure and environmental sustainability in the Nigeria Local Government;
iii. access the influence of fiscal transparency on green budgeting implementation in Nigeria Local Government; and
iv. determine the contribution of green budgeting on public service delivery and community development in Nigeria Local Government.

Hypotheses

$H_0 1$: Environmental budgeting allocation has no significant effect on sustainable development in Nigeria Local Government.

$H_0 2$: There is no significant relationship between green public expenditure and environmental sustainability in the Nigeria Local Government.

$H_0 3$: Fiscal transparency has not significantly influence green budgeting implementation in Nigeria Local Government

$H_0 4$: Green budgeting has significant impact on public service delivery and community development in Nigeria Local Government.

Methods

This study adopts a survey research design to examine the effect of green budgeting on sustainable development in Nigerian local governments. The study population is 420 staff and officials drawn from five departments and a sample of 205 were selected using Taro Yamane (1967) formula. A purposive and stratified sampling techniques was adopted to select the sample size. These approach is appropriate since the object of the study are known and definite. The study utilize a five-point Likert scale and structured questionnaire as an instrument of data collection. The secondary data was sourced through the Local Government budget reports, journals, textbooks, official publication and internets and conference papers. The study employed multiple regression analysis as a means of data analysis. The model specification of the study is as stated below:

$SD = {}_{\beta 0} + {}_{\beta 1}EBA + {}_{\beta 2}GPE + {}_{\beta 3}FTP + {}_{\beta 4}SDCD + \mu$ ------------------------ *1*

Where: SD = Sustainable Development, EBA = Environment Budget Allocation, GPE = Green Public Expenditure, FTE = Fiscal Transparency, *SDCD* = Service Delivery and Community Development and μ = error terms. The study utilize SPSS version 25 to analyze the data.

Results

$H_0 1$**:** Environmental budget allocation has no significant effect on sustainable development in Nigerian Local Governments.

Table 2: Regression Coefficient

Variable	B	Std error	t-value	p-value
Environmental Budget Allocation	0.318	0.084	3.786	0.000

Table 2 shows that the regression coefficient shows a β-value of 0.318, Std error of 0.084, t-val, of 3.786 and p-val of 0.000 which is lower than 0.05. This result signifies that there is that environmental budgeting allocation has positive significant effect on sustainable development in the selected Local Government in Nigeria. Therefore, the study failed to accept the stated hypothesis which stated that environmental budgeting allocation has no significant effect on sustainable development in the studied Local Government in Nigeria.

$H_0$2**: There is no significant relationship between green public expenditure and environmental sustainability in the Nigeria Local Government.**

Table 3: Regression Coefficient

Variable	B	Std error	t-value	p-value
Fiscal Transparency	0.216	0.077	2.805	0.006

On fiscal transparency, the correlation coefficient revealed a β-value of 0.216, std error of 0.077 with a corresponding t-value and p-value of 4.323 and 0,006 and this is statistically significant at 5% significance level. In the light of the above analysis, the study failed to accept the stated hypothesis that Fiscal transparency has not significantly influence green budgeting implementation in Nigeria Local Government.

$H_0$4**: Green budgeting has no significant impact on public service delivery and community development in Nigeria Local Government.**

Table 5: Regression Coefficient

Variable	B	Std error	t-value	p-value
Service Delivery and Community Development	0.287	0.082	3.500	0.000

Similarly, the regression coefficient produced a β-value of 0.287, std error of 0.082 with a corresponding t-value and p-value of 3.500 and 0,000 which is statistically significant at 5% significant level. Therefore, the study failed to accept the null hypothesis which stated that green budgeting has no significant impact on public service delivery and community development in Nigeria Local Government.

Discussions

Results showed that environmental budgeting allocation has significant positive effect on sustainable development in the selected Local Government in Nigeria. This finding suggests that local government in Nigeria are becoming aware the significant impact of environmental protection if the council wants to attain sustainable development. This was consistent with the findings of Adebayo and Ojo (2020), Johnson, Martin and Claire (2021), Adekunle and Bamidele (2023) and Yusuf and Ahmed (2021) but contrary to the findings of Smith and Brown (2020) who noted that environmental budgeting allocation doesn't literary translated to sustainable development without effective implementation and monitoring.

Similarly, the study discovered from the second hypothesis that there is significant positive relationship between green public expenditure and environmental sustainability in the Nigeria Local Government. This outcome shows that green public expenditure and environmental sustainability in the Nigeria Local Government suggest that there is possibility to achieve sustainable development by the Nigeria Local Governments should they make green budgeting allocation a priority in their annual budget cycle. The study by Olatunji and Musa (2021) and Nwankwo and Salisu (2020) reach similar conclusion.

In a related development, the outcome from the hypothesis three, revealed that a significant relationship exists between fiscal transparency and environmental sustainability in the Nigeria Local Government. This means that there is possibility for the local government to achieve fiscal transparency through green budgeting allocation. This was observed by Okafor and Ibrahim (2022), Ibrahim and Lawal (2022) and Eze (2021) as their found similar findings in there various study.

Furthermore, from the hypothesis four, the study revealed that there is a significant effect service delivery and community development on sustainable development in the Nigeria Local Government under examination. This assertion may be true as public service delivery and community development are sustainable development indicators. Therefore, green budgeting is likely to have significant effect on public service delivery and community development in the Nigeria Local Government. This finding is similar to the conclusion of Johnson, Martin an Claire (2021) and Smith and Brown (2020) who in their separate study admitted that a well-funded green budgeting enhanced public service delivery and community development.

Conclusion

This study examined the relationship between green budgeting and environmental sustainability in the Nigeria Local Government. The increasing wave of environmental degradation following the frequent occurrence of flooding, oil spillage, deforestation, indiscriminate waste disposal and error have endanger our environment and the need for a radical approach to combat the menace cannot be understated. The need to adequately recognize these environmental hazards in the budget for effective mitigation becomes necessary.From the findings of the study therefore, it can be concluded that green budgeting if implemented successfully has the ability to influence sustainable development in Nigeria Local Government.

Recommendations

From the findings of this study, the following recommendations were suggested for possible implementation should the Local Government in Nigeria have access to this study. There is a need to improve the environment budgeting allocation to ensure even distribution of a sustainable development in the Local Government in Nigeria. There is also a need for the Local Government in Nigeria to prioritize green public expenditure and that will guarantee environmental sustainability. The Local Government in Nigeria needs to improve on green budgeting to ensure adequate and effective fiscal transparency and accountability. This will enhance environmental protection and the ultimate sustainable development. There is also a need to ensure that adequate green budget allocation are improved by the Local Government in Nigeria since it tends to improve community development and public service delivery that will continue to stimulate public service delivery and community development respectively.

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