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TAX REVENUE MOBILIZATION AND HUMAN CAPITAL DEVELOPMENT IN NIGERIA: DOES INSTITUTIONAL QUALITY MATTER?

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ABSTRACT
The nexus between tax revenue mobilization and human capital development in Nigeria has raised concerns, despite extensive research and ongoing debates among stakeholders. While developed countries have studied the impact of tax revenue and institutional quality on human capital extensively, there is limited research in developing nations like Nigeria. This study, therefore, examined how oil and non-oil tax revenues affect human capital development in Nigeria, covering 2011Q1 to 2024Q4, using institutional quality as a moderating factor. The study employed the Dynamic Ordinary Least Squares (DOLS) estimation technique for data analysis and found that both oil and non-oil tax revenues contribute significantly to human capital development, but only over the long run. The institutional quality had an insignificant short-term influence but a significant positive long-term effect on human capital development. Moreover, institutional quality was found to positively moderate the relationship between both oil and non-oil tax revenues and human capital development over the long term. The study concluded that oil and oil tax revenue mobilization were significant drivers of human capital development in Nigeria, with their positive effects further strengthened by institutional quality in both the short and long run. Based on these results, the study recommends efficient allocation of tax revenues through targeted investments in education, healthcare, and skills training and also calls for reforms in tax policy and stronger institutions to maximise long-term human capital development.

KEYWORDS: *Human Capital Development, Tax Revenue, Institutional Quality, Moderation.*

1. INTRODUCTION

Human capital development is widely recognised as the foundation of sustainable economic growth, productivity enhancement, and long-term national competitiveness. It encompasses the accumulation of knowledge, skills, health, and capabilities that enhance the productivity of a nation's workforce (Sairmaly, 2023; Saha et al., 2025). In developing economies like Nigeria, where structural dependence on natural resources persists, strengthening human capital is particularly vital for achieving inclusive growth and economic diversification. However, despite successive policy reforms and substantial fiscal inflows from both oil and non-oil tax revenues, Nigeria's human capital development outcomes remain below expectations (UNDP, 2024).

Tax revenue, as a key instrument of fiscal policy, plays a pivotal role in financing government activities, especially in providing public goods and social services that foster human capital formation. The Nigerian tax structure is broadly categorised into oil and non-oil tax revenues. Oil tax revenues, comprising petroleum profit tax, gas tax, and royalties, have historically dominated public finances, accounting for the majority of government revenue and foreign exchange earnings (Ngu, 2021). However, heavy reliance on oil taxes has exposed Nigeria to macroeconomic instability due to global price fluctuations, fiscal volatility, and weak linkages between resource wealth and developmental outcomes (Omodero & Alege, 2021). In contrast, non-oil taxes have become increasingly important in recent years following government efforts to diversify revenue sources and promote fiscal sustainability (FIRS, 2023). Yet, the translation of these revenues into tangible human capital gains has been limited, raising concerns about the efficiency of tax utilisation and the institutional mechanisms guiding public expenditure. The effectiveness of tax revenue in promoting human capital development depends significantly on the quality of institutions, the systems and structures that govern transparency, accountability, and efficiency in public resource management. Institutional quality determines how effectively tax revenues are mobilised, allocated, and transformed into productive social investments (Johnson & Omodero, 2021; Kamasa et al., 2025). In countries with strong institutions, tax revenues are more likely to be channelled toward education, healthcare, and social infrastructure, leading to improved human capital outcomes. Conversely, weak institutional frameworks, characterised by corruption, political instability, poor regulatory enforcement, and weak public accountability, often distort resource allocation and erode the developmental potential of fiscal revenues (Kaufmann et al., 2021). Nigeria's institutional landscape has long been marked by these challenges, which have hindered the effectiveness of its fiscal policy instruments (Agu et al., 2024).

Empirical studies have produced mixed evidence on the relationship between tax revenue and human capital development. While some studies (e.g., Khan & Naeem, 2020;

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Ouedraogo et al., 2022) find that higher public revenues improve education and health outcomes, others argue that the impact depends largely on governance and institutional effectiveness (Emara, 2020; Kamalu & Wan-Ibrahim, 2022). For instance, in contexts where corruption is pervasive and administrative capacity is weak, increased revenue may not translate into better human capital outcomes but rather into inefficiencies or rent-seeking behaviours (Fagbemi et al., 2022). This divergence suggests that institutional quality may moderate the relationship between taxation and human development, strengthening it under sound governance and weakening it under institutional fragility. Despite these insights, empirical evidence on this moderating role remains scarce, particularly in Nigeria. Most existing studies either focus on the direct relationship between institutional quality and human capital development or analyse the effect of tax revenue on growth without considering the institutional context (Kudaisi, 2024; Magaji et al., 2025; Adegboye et al., 2025). Yet, understanding how institutional quality interacts with fiscal mechanisms is crucial for designing effective tax and development policies in Nigeria.

Therefore, this study investigates the impact of oil and non-oil tax revenues on human capital development in Nigeria, while examining the moderating role of institutional quality between 2011Q1 and 2024Q4. By constructing a composite Institutional Quality Index (IQI) from the six World Governance Indicators and a Human Capital Development Index (HCDI) based on education, health, and social expenditure, the study offers a more comprehensive and dynamic analysis of how governance and fiscal structures jointly shape human development outcomes. This approach not only extends the literature on fiscal policy and development but also provides policy-relevant insights into how institutional reforms can amplify the developmental returns of tax revenue in Nigeria.

2. EMPIRICAL LITERATURE

The relationship between institutional quality and human capital development has been widely explored across countries, though the interaction with tax revenue remains underexamined. Ejuvbekpokpo and Hassan (2019) analysed institutional quality and educational attainment in low-income sub-Saharan African countries (2005–2013) and found that the rule of law, bureaucratic quality, and education expenditure positively influenced school enrolment, while corruption and weak property rights had negative effects. However, tax variables were omitted, leaving the taxation–institution–human capital linkage untested. Similarly, Emara (2020), in Egypt, reported that corruption significantly reduced human development, while GDP per capita and government expenditure improved it. Yet, the study focused solely on corruption, neglecting how fiscal variables interact with institutional quality to shape developmental outcomes. In Africa, Tsegaw and Drive (2020) found that control of corruption and government effectiveness negatively influenced human development, while other governance indicators exerted positive effects. The study, however, lacked fiscal dimensions or moderating frameworks. Hoa (2020) also examined corruption and human capital accumulation in Vietnam, showing mixed effects, corruption positively affecting enrolment but negatively influencing labour quality, without integrating tax mechanisms. Similarly, Khan and Naeem (2020) demonstrated that corruption and inequality hindered human development across 38 developing countries, while fiscal variables like tax revenue indirectly reduced inequality but were not modelled within an institutional moderation framework.

Country-specific studies provide further evidence of this gap. Omotoye et al. (2021) showed that corruption and government effectiveness in Nigeria exerted positive but insignificant effects on human capital development, while Kamalu and Wan-Ibrahim (2022) found that institutional quality had a negative short-run but positive long-run effect on human development across developing countries. Both studies excluded tax-based fiscal channels. Ouedraogo et al. (2022) confirmed that governance indicators, particularly control of corruption and political stability, significantly enhanced access to education across Africa, yet the taxation–institution–human capital link remained unexamined. Fagbemi et al. (2022) similarly found that corruption indices negatively influenced human capital development in Nigeria, but fiscal interactions were absent.

Recent studies continue to highlight this omission. Nginyu et al. (2023) showed that institutional quality significantly improved inclusive human development in 39 African countries, while Githaiga and Kilong'i (2023) found that institutional quality moderated the effects of FDI and remittances on human development in Sub-Saharan Africa, but not tax revenues. Banik et al. (2023) examined governance–health expenditure interactions across 161 countries, identifying some moderation effects, yet none involving taxation. Likewise, Fomba et al. (2023) established that institutional quality improves education quality and governance outcomes, but failed to integrate taxation as a fiscal determinant. Stylianou et al. (2023) confirmed causal linkages between governance and human development in Asia but excluded fiscal policy channels, while Kudaisi (2024) and Magaji et al. (2025) found mixed evidence on institutional impacts on human capital in Nigeria without considering tax-institution interactions. The only study approximating this line of inquiry is Adegboye et al. (2025), who analysed the mediating role of governance quality in the tax revenue–human development nexus across 52 African countries. Although they found that governance quality enhances the positive effects of taxation, their approach focused on mediation rather than moderation, leaving unanswered whether institutional quality strengthens or weakens the direct impact of tax revenue on human capital development. This persistent omission across the literature underscores a significant empirical gap, justifying the present study's focus on the moderating role of institutional quality in the taxation–human capital development relationship within Nigeria.

3. METHODOLOGY

To investigate whether institutional quality plays a complementary or obstructive role in the relationship between tax revenue mobilisation and human capital development in Nigeria, the models in Equations 1-3 were presented:

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Model 1:	
$\mathrm{HCDI}_t = \gamma_0 + \gamma_1 \mathrm{OTRev}_t + \gamma_2 \mathrm{IQI}_t + \gamma_3 (\mathrm{IQI}_t * \mathrm{OTRev}_t) + \varepsilon_t$	(1)
Model 2:	
$\mathrm{HCDI}_t = \delta_0 + \delta_1 \mathrm{NOTRev}_t + \delta_2 \mathrm{IQI}_t + \delta_3 (\mathrm{IQI}_t * \mathrm{NOTRev}_t) + \varepsilon_t$	(2)
Model 3:	
$\mathrm{HCDI}_t = \beta_0 + \beta_1 \mathrm{OTRev}_t + \beta_2 \mathrm{NOTRev}_t + \beta_3 \mathrm{IQI}_t + \beta_4 (\mathrm{IQI}_t * \mathrm{OTRev}_t) + \beta_5 (\mathrm{IQI}_t * \mathrm{NOTRev}_t) + \varepsilon_t$	(3)

Where OTRev denotes total oil tax revenue, NOTRev represents total non-oil tax revenue, and IQI is the institutional quality index. Model 1 focuses on oil tax revenue, while Model 2 examines non-oil tax revenue. Model 3 provides a robustness check by combining both oil tax revenue (OTRev) and non-oil tax revenue (NOTRev) and interacting them with institutional quality (IQI) to assess whether institutional quality consistently moderates the effect of revenue mobilisation on human capital development. In Equation (1), γ_1 and γ_2 represent the direct effects of oil tax revenue (OTRev) and institutional quality (IQI) on human capital development (HCDI), while γ_3 captures the interaction term central to the moderation analysis. A positive and significant γ_3 implies that institutional quality enhances the developmental impact of oil tax revenue, whereas a negative and significant γ_3 indicates that weak institutions undermine it. Similarly, in Equation (2), δ_1 and δ_2 measure the direct effects of non-oil tax revenue (NOTRev) and IQI, while δ_3 captures their interaction. A positive δ_3 suggests that strong institutions amplify the impact of non-oil tax revenue on human capital development, while a negative δ_3 reflects institutional inefficiency. Overall, the significance and direction of γ_3 and δ_3 reveal whether institutional quality complements or constrains the effect of tax revenues on human capital development in Nigeria.

Estimation Technique

The Dynamic Ordinary Least Squares (DOLS) estimator served as the primary analytical technique employed in estimating the model in Equations 1-3 in this study. The choice of DOLS is motivated by its robustness in handling variables that are stationary at the level, integrated of order one, or a mixture of both, which is a common feature of macroeconomic time series data (Boss, 2024). A further advantage of DOLS is its ability to incorporate an error correction mechanism (ECM), thereby functioning as a modified two-stage Engle-Granger procedure. In this formulation, the first stage estimates the cointegrating relationship, while the second stage captures short-run dynamics through the ECM framework (Abdellah, 2025). This makes the method particularly suited for the study's objective of analysing how oil and non-oil tax revenues, alongside institutional quality, influence human capital development in Nigeria. Importantly, because differenced regressors enter the second-stage regression in stationary form, inference statistics such as t- and F-statistics follow the standard distribution (Bhatta et al., 2020). This avoids reliance on non-standard critical values, which often complicate hypothesis testing in alternative cointegration methods such as the Fully Modified OLS (FMOLS) or Canonical Cointegration Regression (CCR).

Data and Source

The study covers the period from 2011Q1 to 2024Q4, utilising quarterly data for key variables related to human capital development, tax revenues, and institutional quality in Nigeria. The Human Capital Development Index (HCDI) serves as the dependent variable and is constructed as a composite measure reflecting educational attainment, health outcomes, and survival rates. Using principal component analysis (PCA), the HCDI aggregates government expenditure on education, health, and social development, with index values greater than one (HCDI > 1) indicating above-average human capital performance. Data for the computation of HCDI are obtained from the Central Bank of Nigeria (CBN) Statistical Bulletin. The explanatory variables, oil tax revenue (OTRev) and non-oil tax revenue (NOTRev), represent total quarterly government revenues (in ₦ billion) derived from petroleum-related and non-petroleum tax sources, respectively. These datasets are sourced from the Federal Inland Revenue Service (FIRS). In addition, the Institutional Quality Index (IQI) is included as the moderating variable, reflecting the overall quality of governance and institutional performance in Nigeria. The IQI is computed as a factor index based on the six dimensions of the Worldwide Governance Indicators (WGI): voice and accountability, political stability and absence of violence/terrorism, government effectiveness, regulatory quality, rule of law, and control of corruption. Data for these indicators are drawn from the World Bank's Worldwide Governance Indicators Database.

4. RESULT

Table 1 presents the summary statistics of the variables used in the study over the sample period (2011Q1–2024Q4). The human capital development index has a mean value of 1.78 with a standard deviation of 0.37, indicating moderate variation across periods. The coefficient of variation (CV) of 0.21 suggests relative stability in human capital outcomes during the period, with values ranging between 1.27 and 2.72. Oil tax revenue records a relatively high mean of ₦154,878.3 billion, reflecting Nigeria's heavy fiscal dependence on oil-related taxes. However, its standard deviation of ₦103,691.2 billion and CV of 0.67 imply considerable volatility, consistent with fluctuations in global oil prices and production levels. The minimum and maximum values (₦2,281.25 billion and ₦453,314.9 billion, respectively) further highlight this instability.

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Table 1: Descriptive statistics of variables

Variable	Mean	Std. Dev.	CV	Max	Min
HCDI	1.778198	0.369545	0.20782	2.7183	1.2709
OTRev	154878.3	103691.2	0.669501	453314.9	2281.25
NOTRev	96.36054	143.852	1.492852	746.77	7.44
IQI	-1.09103	0.044159	NA	-1.005	-1.1808

Source: Researcher's computation, 2025.

Non-oil tax revenue has a much lower mean of ₦96.36 billion, with a large dispersion (CV = 1.49), showing that non-oil revenues are more inconsistent and less predictable compared to oil tax revenues. This reflects Nigeria's limited success in achieving stable non-oil revenue diversification. The institutional quality index has an average score of -1.09, with slight variation (Std. Dev. = 0.044) and values ranging between -1.18 and -1.01. These consistently negative scores indicate weak institutional performance throughout the study period, suggesting limited governance effectiveness, low regulatory quality, and persistent corruption issues. It can be inferred from these analysis data that while human capital development has shown moderate progress, the volatility of oil tax revenue, weak non-oil tax performance, and persistently low institutional quality may collectively constrain sustainable human capital growth in Nigeria.

Table 2 presents the results of the Phillips–Perron (PP) unit root tests for all variables in the model to determine their order of integration. The null hypothesis of the test assumes the presence of a unit root (non-stationarity). The results showed that the human capital development index is non-stationary at the level but becomes stationary after first differencing, indicating it is integrated of order one, I(1). Similarly, oil tax revenue is non-stationary at the level but stationary after first differencing, also confirming it as I(1). In contrast, non-oil tax revenue is stationary at a level, as the test statistic (-5.576) exceeds the 1% critical value (-3.555), signifying integration of order zero, I(0).

Table 2: Phillips-Perron unit root test results

Variable	@level	@1diff	Critical value			Remark
			1% level	5% level	10% level	
ln(HCDI)	0.756	-2.775*	-3.555	-2.916	-2.596	I(1)
ln(OTRev)	-2.229	-19.27***	-3.555	-2.916	-2.596	I(1)
ln(NOTRev)	-5.576***	-14.53***	-3.555	-2.916	-2.596	I(0)
IQI	-1.939	-3.577***	-3.555	-2.916	-2.596	I(1)

Note: *** p < 1%, ** p < 5%, * p < 10%

This suggests that non-oil tax revenue exhibits more stable behaviour over time compared to oil tax revenue. The institutional quality index is found to be non-stationary at the level but becomes stationary at the first difference, implying I(1). The mixed order of integration justifies the use of the Dynamic OLS (DOLS) modelling approach, which is suitable for such data characteristics.

Table 3: Engle-Granger DOLS-based residual cointegration test results

Model	Specification	t-stat	Prob.
1	Dependent variable: HCDI Independent variable: OTRev, IQI, IQI × OTRev	-2.908	0.004***
2	Dependent variable: HCDI Independent variable: NOTRev, IQI, IQI × NOTRev	-1.731	0.079*
Test critical values			
1% level		-2.610	
5% level		-1.947	
10% level		-1.613	

*** p < 1%, ** p < 5%, * p < 10%

Table 3 reports the results of the Engle–Granger residual-based cointegration test estimated using the Dynamic Ordinary Least Squares (DOLS) approach to determine the existence of a long-run relationship among the variables. For Model 1, where the dependent variable is the human capital development index and the independent variables are oil tax revenue, institutional quality, and their interaction term, the computed t-statistic (-2.908) exceeds the 1% critical value (-2.610) and is statistically significant at the 1% level (p = 0.004). This indicates a strong long-run cointegrating relationship among oil tax revenue, institutional quality, and human capital development. Similarly, for Model 2, which includes non-oil tax revenue, institutional quality, and their interaction, the t-statistic (-1.731) is greater than the 10% critical value (-1.613) but less than the 5% level (-1.947), implying cointegration at the 10% significance level (p = 0.079). This suggests a weaker but still significant long-

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run relationship between non-oil tax revenue, institutional quality, and human capital development. Nevertheless, the results confirmed that both oil and non-oil tax revenues are cointegrated with institutional quality and human capital development, indicating that these variables move together over the long term. The stronger cointegration observed in the oil tax model suggests that institutional quality plays a more pronounced role in enhancing the long-run developmental impact of oil tax revenues in Nigeria.

Table 4: Estimates for the institutional quality moderating effect models

Independent Variable	Dependent Variable: $D.\ln(HCDI_t)$				
Long-Run Estimates	**Model 1**		**Model 2**		**Model 3**
$\ln(OTRev_t)$	0.834*** (0.108)				0.622*** (0.119)
$\ln(NOTRev_t)$			7.541*** (2.030)		3.609*** (0.705)
IQI_t	0.255** (0.098)		0.707*** (0.150)		0.026** (0.012)
$IQI_t \times \ln(OTRevt_t)$	1.466*** (0.241)				0.017** (0.008)
$IQI_t \times \ln(NOTRevt_t)$			6.938*** (2.361)		3.270*** (0.831)
Constant	-0.387*** (0.089)		0.347*** (0.119)		-0.609*** (0.107)
Trend	0.019*** (0.001)				0.020*** (0.001)
Short-run estimates					
$D.\ln(HCDI_{t-1})$	0.871*** (0.101)		0.918*** (0.076)		0.815*** (0.101)
$D.\ln(OTRev_t)$	-0.009 (0.065)				-0.005 (0.064)
$D.\ln(NOTRev_t)$			0.011 (0.019)		0.011 (0.026)
$D.(IQI_t)$	-0.068 (0.045)		-0.053 (0.047)		-0.040 (0.028)
$D.(IQI_{t-1})$	0.047 (0.041)		0.051 (0.047)		
$D.(IQI_t \times \ln(OTRev_t))$	0.031 (0.091)				0.029 (0.089)
$D.(IQI_t \times \ln(NOTRev_t))$			-0.009 (0.023)		-0.006 (0.032)
Constant	0.003 (0.003)				0.004 (0.003)
ECT_{t-1}	-0.061*** (0.011)		-0.002** (0.001)		-0.038*** (0.014)
Adj. R^2	0.672		0.648		0.635
LM Test	0.211		0.095		1.160
White Test	6.664		2.715		8.068
Stability Test	0.528		0.906		0.562

*** p < 1%, ** p < 5%, * p < 10%

Table 4 presents the short- and long-run regression estimates for the moderating effect of institutional quality on the relationship between tax revenue mobilisation and human capital development. The pattern of the results observed, i.e., the insignificant or slightly negative short-run effects of both oil and non-oil tax revenue on human capital development (HCDI), but sizable, significant long-run positive effects, is intuitive once Nigeria's fiscal and institutional realities are considered. For instance, the short-run insignificance of oil tax and non-oil tax revenue likely reflects revenue volatility, implementation lags and allocative inefficiencies. Oil receipts are especially volatile and prone to one-off swings from price shocks; non-oil receipts often require administrative capacity and time to translate into schools, clinics and service delivery. Empirical work on Nigeria and similar settings documents how corruption and weak public financial management can blunt the immediate developmental returns of revenue (e.g., Khan & Naeem, 2020; Banik et al., 2023), which helps explain why short-run coefficients are small and statistically insignificant.

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On the other hand, the significant long-run positive effects indicate that sustained revenue, when pooled and invested over time, supports human capital accumulation. For oil tax revenue, the long-run elasticities (approximately 0.662% to 0.834%) showed that persistent oil-based funding can raise the human capital development index once volatility and short-term misallocations are smoothed out and investments mature. This is consistent with the Ability-to-Pay rationale that states can and should mobilise fiscal capacity to finance public goods (Kjærsgaard, 2021), and with empirical findings that stable public funding and government effectiveness expand access to education and health over time (Mustapha et al., 2022; Okwechime & Ogbebor, 2025). However, the long-run effect of non-oil revenue is far larger (3.609% to 7.541%), implying that domestically mobilised, recurrent revenue yields stronger, more sustained investment in human capital. This result accords with studies showing that broadening the tax base and raising reliable domestic revenue creates fiscal space for recurrent public investment that more directly improves schooling, health and survival outcomes (Anewe & Ogbu, 2024).

Institutional quality (IQI) plays a decisive conditioning role. The insignificance of IQI and the interaction terms in the short run is unsurprising: institutional reforms, anti-corruption measures and Public Financial Management (PFM) improvements take time to materialise in better service delivery and project outcomes. In the long run, the positive and significant direct effects of IQI (HCDI increases by roughly 2.6% to 70.7% across models) and the positive moderation coefficients show that institutions matter not only on their own but also by amplifying the returns to revenue. This finding mirrors evidence that government effectiveness, control of corruption and political stability enhance education access and the productive use of public funds (Ouedraogo et al., 2022; Githaiga & Kilong'i, 2023), and that governance quality conditions how fiscal resources translate into development (Adegboye et al., 2025).

The moderation magnitudes across models are informative. Separate models report larger interaction coefficients (1.466 for the interaction between oil tax revenue and institutional quality; 6.938 for the interaction between non-oil tax revenue and institutional quality), while the combined Model 3 yields smaller but still positive coefficients (0.017 for the interaction between oil tax revenue and institutional quality; 3.270 for the interaction between non-oil tax revenue and institutional quality). Part of this attenuation likely reflects the strong correlation between the revenue streams that are jointly included, and also because some portion of the institutional channel that was attributed to one revenue type alone is reallocated between the two when they are modelled together. Economically, the consistently stronger moderation for non-oil revenue indicates that institutional improvements yield larger marginal gains when applied to domestic, routine tax mobilisation and expenditure, plausibly because non-oil revenues require effective administration, transparent budgeting, and reliable public procurement to be converted into recurring human capital services. Oil revenue, by contrast, is often centralised and vulnerable to elite capture; institutional improvements help, but the payoffs may be more constrained by structural issues (resource volatility, sectoral rents) than for non-oil revenue. Theoretically, these results align with two complementary perspectives. The Ability-to-Pay principle (Kjærsgaard, 2021) supports using fiscal capacity to fund public goods that build human capital, but the expediency lens explains why states sometimes rely on easily accessible oil rents rather than developing a broad tax base (Medema, 2022). In Nigeria, expedient reliance on oil has historically provided short-term resources but weakened incentives for systematic tax administration and durable investment in human capital. This study's findings showed that converting revenue into HCD gains depends crucially on institutional quality: without effective institutions, both the equity logic of Ability-to-Pay and the developmental intent of expedient revenue mobilisation are undermined.

5. CONCLUSION

This study meticulously examined the moderating effect of institutional quality on the relationship between tax revenue and human capital development in Nigeria. It can be conclusively deduced from the dynamic analysis that both oil and non-oil tax revenues are significant long-run drivers of human development. Institutional quality was also found to have a substantial long-run impact on human capital development and to play a decisive moderating role, amplifying the positive effects of tax revenues on human development outcomes. The study therefore recommends that policymakers strengthen institutional frameworks governing public finance management to ensure that tax revenues, particularly from oil and non-oil sources, are efficiently channelled into education, healthcare, and social development. Efforts should focus on improving transparency, accountability, and anti-corruption mechanisms within tax administration and public expenditure systems. Furthermore, institutional reforms should prioritise strengthening governance capacity, enforcing fiscal discipline, and enhancing the quality of public service delivery. By integrating institutional strengthening with tax reform strategies, Nigeria can maximise the developmental returns of its fiscal system and promote inclusive, sustainable human capital growth.

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