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Evaluation of the impact of petroleum profits tax and public investment on poverty reduction in Nigeria[1]

Nelson N. Nkwor[#]
Department of Banking & Finance, Alex Ekwueme Federal University, Ndufu-Alike, Ebonyi State – Nigeria
 # Corresponding Author [nelsosnnkwor@ymail.com or nelson.nkwor@funai.edu.ng]

Ikechukwu I. Ogbu
Department of Accountancy, Alex Ekwueme Federal University, Ndufu-Alike, Ebonyi State – Nigeria

Kelechukwu C. Ozor
Department of Banking & Finance, Alex Ekwueme Federal University, Ndufu-Alike, Ebonyi State – Nigeria

Abstract
Nigeria is an oil-based economy with huge petroleum profits tax collections and high poverty rates. This paper evaluates the impact of petroleum profits tax on poverty reduction through public investment management in Nigeria. The paper argues that the low 'bang for buck' trajectory between the petroleum profits tax revenue and poverty reduction agenda is because of public investment inefficiency in Nigeria. Drawing from the World Bank Survey and the Public Investment Efficiency Index by Dabla-Norris, Brumby, Kyobe, Mills & Papageorgiou (2012), the contextual analysis shows that both the overall index and the indices of the disaggregated components of public investment in Nigeria are inefficient except the index for implementation component. The study further shows that public investment decisions are influenced by political considerations rather than economic rationales. We recommend that public investment management institutions in Nigeria should be strengthened to ensure that socio-economic rationales guide public investment for ensuring quality socio-economic public infrastructure aimed at poverty reduction.
Keywords: *Petroleum profits tax; Public investment; Public infrastructure, Poverty reduction; Nigeria*

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I. Introduction

The Nigerian oil and gas sector generates huge tax-based revenue for government fiscal operations expected to reduce poverty in the country. The petroleum profits tax (PPT) collections contribute about 95% of foreign exchange earnings and 70 per cent of government revenue (Odusola, 2006; FIRS, 2012). For example, between 1996 and 2020, out of the ₦63.197 trillion federally collected tax revenue, ₦32.281 trillion came from PPT representing 51.07 per cent of the total collection for 25 years. Evidence shows that this huge collection seems not to have impacted poverty reduction in the country. Though poverty reduction is one of the key developmental priorities of the Nigerian government (World Bank Public Opinion Research Group, 2019), ranging from the military regimes (1983-1999) to civilian administrations (1999-date). Aibieyi & Dirisu (2010)[2] profiled poverty alleviation policies and programmes of previous governments including Operation Feed the Nation, Green Revolution, Better Life for Rural Women, Family Economic Advancement Programme, National Poverty Eradication Programme, and Youth Empowerment Scheme to mention, but these.

Despite these policies and programmes, Nigeria's poverty profile has been persistently high and being described as 'grim and embarrassing' (Onyeiwu, 2021). Using the World Bank's $3.20 per day benchmark to compare the country's poverty profile with other oil-based economies, Nigeria's rate is 71% while it is as low as 9.1% in Brazil, 6.5% in Mexico, 9.7% in Ecuador and 3.1% in Iran. In 2018, the country's rates at different World Bank thresholds, the rates stood at 39.1% for below $1.90 per day, 70.1% for below $3.20 per day, and

[1] The first version of this paper was presented at Accounting and Finance Research Association (AFRA) conference in 2014 at Abakaliki, Nigeria.

[2] See, pp. 243-244 catalogued previous poverty reduction policies and programmes ranging from Gown's military regime (1967-1975) to Jonathan's civilian administration (2007-2014).

92.0% for below $5.50 per day. Using national standards, the National Bureau of Statistics survey in 2019 reveals that 82.9 million Nigerians out of 200 million are poor (National Bureau of Statistics, 2020).

The consistent rise in poverty indices when It should be otherwise given the Increasing PPT revenue has raised concerns about how governments have invested the revenue – whether efficiently or otherwise, that they seem not to have impacted positively on poverty reduction over the period under investigation.

Empirical evidence shows links between PPT and economic growth in Nigeria (see: Onaolapo et al., 2013), but a positive impact is possible where the government is to spend the revenue generated from mineral resources on sectors that impact the poor such as healthcare, education etc (Pegg, 2006). Some authors have argued that despite the enormous revenues that government collects from oil taxation over the past decades that the federal government has failed to deliver on the most basic developmental targets and indices aimed at reducing poverty in society (Igbuzor, 2013; World Bank, 2014). This might be caused by unproductive public investment practices by public officials, probably, for rent-seeking and self-aggrandizement. This may have resulted in the predatory behaviour of public office holders reducing government expenditure efficiency and distorting sectoral budgetary allocation to those sectors that provide basic public goods and services (like education, healthcare, infrastructure, security and social welfare) in Nigeria.

The study is motivated by the premise of insecurity and COVID-19 challenges that may have a dwindling impact on tax revenue generally and in PPT in particular as seen in 2020 revenue data (see: Fig.1) for maximum poverty reduction impact. The study does not only contribute to the extant literature on public investment management (PIM) debates but provides evidence for policymakers to design public investment policies for efficient poverty reduction interventions and programmes in the country. The paper is structured as follows. While section 2 profiles PPT revenue, section 3 provides the PPT-poverty reduction nexus. Section 4 presents the conceptual and empirical link between public investment and poverty. Section 5 presents a contextual analysis of Nigeria's public investment efficiency; the penultimate section discusses the results of the analysis and the final section concludes with some policy implications.

II. PPT LANDSCAPE IN NIGERIA

Like other countries, the Nigerian tax system is generally hinged on a tripod of tax policy, administration, and statute. Under the Taxes and Levies (Approved List for Collection) Decree, 1998 as published by the Joint Tax Board (JTB), tax is enforced by the three levels of government as specified in the cited legislation.

PPT is a federally collected oil-based tax under the Petroleum Profits Tax Act 1959, (Cap 354, Law of the Federation of Nigeria, 1990). It is correlated with the upstream activities of the oil companies in the country. All petroleum resources belong to the FGN; and so, all companies engaging in petroleum operations[3] are charged and/or chargeable under the PPTA. Under the Act, oil companies (OCs) are required to pay tax on the profits from the sale of oil and related substances used by the OCs in their refineries including any other income of these companies incidental to and arising from their petroleum operations[4]. PPT is a tax chargeable on the profits of the OCs after the necessary deductibles and /or allowances focusing on the upstream activities of the sector. The administration of this tax is championed by the Federal Board of Inland Revenue Service (FIRS) under the control and direction of the Federal Ministry of Finance; while the payment is usually in foreign currency into an offshore account through the Central Bank of Nigeria (CBN).

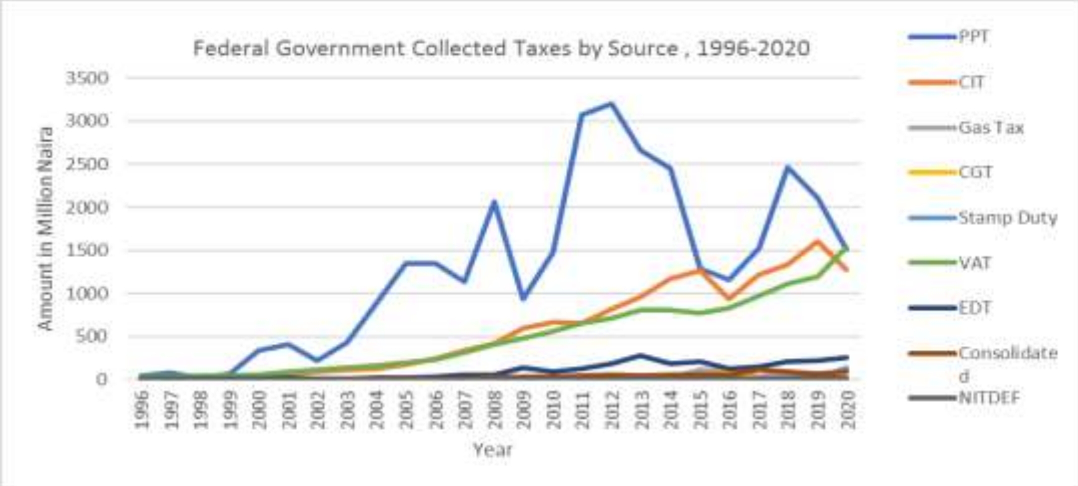
The PPT rate depends mainly on the type of participation arrangement obtainable - either a joint venture contract (JVC) or a production sharing contract (PSC). The rate under the JVC is 85 per cent of the taxable income of the international oil company (IOC) subject to a concession rate of 65.75 per cent for the first 5 years of operations while under the PSC, the rate is 50 per cent. There are some allowable concessions such as Capital Allowance and Petroleum Investment Allowance. These concessions serve as incentives for FDI in the sector (Nwete , 2004).

Statistics show that between 2006 and 2020, PPT contributes on average, 50% of all federally collected taxes (see: Fig. 1). The yearly peak was observed in 2011 while troughs were recorded in 2009 and 2016, which

[3] The PPTA, Section 2 defines petroleum operations as "the winning or obtaining and transportation of petroleum or chargeable oil in Nigeria by or on behalf of a company for its own account by any drilling, mining, extracting or other like operations or process, not including refining at a refinery, in the course of a business carried on by the company engaged in such operations, and all operations incidental thereto and any sale of or any disposal of chargeable oil by or on behalf of the company".

[4] For detailed discussions on PPT policy and administration, see: Layade (2002), *Taxation of Petroleum* in CITN Nigerian Tax Guide & Statutes, M. T. Abdulrazaq (ed.), pp. 408 – 437. See, also Odusola (2006), pp. 10 – 12.

correspond with the global financial crisis of 2008/2009 and the Nigerian economic recession of 2015/2016, respectively.



Notes: PPT = petroleum profits tax, CIT = Company income tax, CGT = Capital gain tax, VAT = Value added tax, EDT = Tertiary education tax, Consolidated = consolidated tax and NITDEF = National information technology development levy

Source: Federal Inland Revenue Service at https://www.firs.gov.ng/tax-statistics-report/

III. PPT-POVERTY REDUCTION NEXUS

Studies have linked natural resource endowments with "curses" emanating from them (Pegg, 2003; 2006). Pegg (2006) argues opines that natural resources promote corruption and inhibit democracy, ultimately resulting in governments being neither accountable nor responsive to the plights of the poor in society. But where good governance is in the management of the resources like in Norway, the resource endowment is a 'blessing' (Omodadepo and Akanni, 2013).

Theoretically, petroleum exploitation should enhance PPT revenue for governments' fiscal operations and improve the financing of poverty alleviation targeted programmes/policies that will enhance poverty reduction. This is a hypothetical scenario, where the investment of the tax revenue proceeds is efficiently targeted for the delivery of public services that impact development such as education, healthcare etc.

As a matter of policy in Nigeria, FIRS (2012:74) cited one of the key recommendations of the Nigerian Tax System Study Group 2002 states, thus:

Tax should be regarded as a citizen's obligation to the Nigerian State for which he expects in return good governance, the provision of security, clean water and social amenities. Tax revenue should be treated as the citizen's compulsory contribution to funding government business. In return, it is expected that the government shall employ funds so generated wholly and exclusively for the benefit of the citizens.

The National Tax Policy (2010, p.14) concurred with the recommendation thus "Nigerian tax system is expected to contribute to the well-being of all Nigerians and taxes which are collected by the government should directly impact on the lives of the citizens". Apart from the general tax policies, Nwete (2004) adduced four theoretical rationales linking petroleum tax and poverty reduction, namely *patrimonial*, *revenue*, *wealth re-distribution and environmental justifications.* First, petroleum resources are the natural inheritance from our forefathers, therefore, should be for everybody's benefit and not only for a section of society or a few privileged public officers. Two, the revenue justification is premised on the fact that petroleum taxes are levied to enable the government to fulfil its socio-economic responsibilities to the citizens. By that, it is ideal that the funds raised should so be re-distributed by providing those social amenities that will alleviate the sufferings of the poor in society. Finally, the environmental impact rationale argues that the opportunity costs of alternative use of the land where the resources are exploited should be compensated for by the government's provision of amenities for the society because of the devastating impact and distortion effect on the ecosystem of the host communities.

To what extent has the government delivered on the provision of public services that impact the well-being of Nigerian citizens? Ironically, while PPT revenue is increasing, poverty is also increasing. These cast doubt on how efficiently the government has expended the PPT revenue over the years for the benefit of its citizens.

IV. PUBLIC INVESTMENT AND POVERTY REDUCTION

The overall aim of public finance is to increase economic development and reduce poverty (Hillman, 2004). In more recent years, there has been a paradigm shift in public finance from fiscal discipline to the PIM process focusing on how the latter can help solve poverty. Public investment (PI) is a public expenditure that adds to the public physical stock (Anderson, et al., 2006). The general government gross fixed capital formation (GFCF) is used as a measure for PI. GFCF is made up of the total net value of general government acquisitions of fixed assets during the accounting period, plus variations in the valuation of non-produced assets (MIF, 2015).

PI correlates with poverty at both macro- and micro-economic levels (Anderson et al., 2006)[5]. It catalyses economic growth and development through the provision of key public socio-economic infrastructures such as public roads, schools, and hospitals and social amenities like pipe-borne water, electricity etc. These socio-economic infrastructures provide society and firms with economic opportunities that reduce poverty (IMF, 2015). The realisation of the social and economic impact of PI critically depends on its efficiency and productivity (see Fig. 2)[6].

Fig. 2: Public Investment-Public Infrastructure-Economic Growth
Source: IMF (2015)

To measure how efficient or otherwise a PI is, Dabla-Norris et al. (2012) constructed a public investment efficiency index (PIEI) that captures the various stages of the PI process using data from 71 developing countries. The authors further disaggregated the components of the process measuring the quality and efficiency of each component and the overall and concluded that quality and efficiency in public investment are crucial in the relationship between developments and scaling-up of investment in developing countries. IMF (2015), found that due to inefficiencies in PI processes, the average country loses around one-third of the potential gains from PI and the study concludes that the economic gains from closing the efficiency gap in PI are enormous.

V. CONTEXTUAL ANALYSIS

Public Investment Efficiency (PIE) in Nigeria

The PIE is the link between the value of the public capital stock and the measured coverage and quality of infrastructure assets. From Dabla-Norris et al.'s (2012) aggregated and disaggregated PIEI; Nigeria scored 1.14 ranking 20th most inefficient (52nd efficient) country out of 71 developing nations on the aggregate. The score was below the mean score of 1.68 with a standard deviation of 0.66 for the sample of the study. Compared to other countries, South Africa ranked 1st with a score of 3.53 while Belize ranked last with a score of 0.27. For the sub-indices of the four components of the investment process, Nigeria scored 0.83 for Appraisal; 0.80 for Selection; 2.27 for Implementation; and 0.67 for Evaluation. The mean scores are 1.49, 1.89, 1.97 and 1.42 respectively. All indices are in a score range of 0 (least efficient) to 4 (most efficient) in the PIM process.

These results show that the country is only efficient in project implementation, but below average overall; and in the appraisal, selection and evaluation stages. The interpretation is that the country lacks the capacity for project appraisal, selection and evaluation apart from inefficiency in the overall public investment system. The country's performance in project implementation is not surprising as that is the stage which has an aspect of funding flows during budget execution (Dabla-Norris et al., 2012). It is the stage that enables public

[5] The macroeconomic impacts of a public investment reflect on growth, employment and real exchange rate; while the microeconomic impact can be directly on individual firms and households or indirectly through changes in the relative price of goods and services.

[6] Whereas public investment efficiency is the relationship between the value of the public capital stock and the measured coverage and quality of infrastructure assets, public investment productivity is the relationship between investment and economic growth measured by the ratio of average real rate of capital stock growth to the average real rate of economic growth (IMF, 2015, p.7).

officials to cut the 'national cake' as bribery and corruption is codified in Nigeria. So, both the politicians and the bureaucrats involved in the process will have a high tendency of approving the fund because of personal interests attached, otherwise, called 'commission' in the country. Based on these statistics, therefore, we argue that there are inefficient PI practices truncating poverty reduction projects in Nigeria.

Factors Affecting PI in Nigeria

Drawing from literature, several factors affthe ect PI causing inefficiency. Some of the factor identified by prior authfactorse public corruption, "white elephant" project selections, time delays, cost over-runs, incomplete projects, poor assets maintenance, illusive returns, and ultimately fiscal instability and retrenchment (Tanzi, 1998, 1999; Mauro, 1997; Delavallade, 2005; Rajram, Le & Biletska, 2006; Suryadarm, 2011; IMF, 2015). Specifically, instances are drawn for the Nigerian context to substantiate the evidence.

a. *Endemic public corruption:* Corruption is the abuse of public power to promote private benefit (Tanzi, 1998, 1999). It is the abuse of entrusted power for private gain (Transparency international, 2013). It could be said that corruption is an act of taking the undue privilege of one's position for personal interest.

World Bank (2014) recognizes that appropriate public expenditure programs are important to translating oil and gas activities into economic development. Meanwhile, public officials have discretionary decision-making power in respect of public investment projects (Mogues, 2012); and such discretion often creates room for distortion in the process mostly in the size and composition of projects. For example, a project can be initiated only to create an opportunity to earn commissions or 'to settle' some individuals or groups of individuals or geographical areas or even 'political godfathers and/or 'political-touts'. Such projects political outside of or have reduced efficiency when the cost-benefit analysis is carried out because no stringent measure is usually taken to ensure compliance with quality and standards. As such, quality and standards are compromised in public projects especially, in a country with a high prevalence of corruption.

Empirical evidence shows that corruption hinders poverty reduction projects. Mauro (1997) investigated whether corrupt officials influence the choice and composition of government spending with particular reference to education. The author documents that corruption and government spending on education as a ratio to GDP is negatively and significantly correlated unlike spending on defence and transportation. This suggests that reduction in corruption will ena hance investment in education, while education has a positive link with poverty reduction (Suryadarm, 2011). Suryadarma (2011) investigated the association between corruption and school enrolment and school performance in national examinations in Indonesia and found a positive relationship between high public spending and high enrolment rates only in less corrupt districts and vice versa. Similarly, Delavallade (2005) explored the link between public expenditure by sector and corruption with an emphasis on quantity and allocation effects and found that corruption diminishes not only the total budgetary allocation for all sectors but negatively affects the portion of social expenditure on education, healthcare and social protection in favour of the defence, fuel and energy, public service and order, and culture. Mogues (2012) asserts that public spending on huge infrastructural projects or capital investments is more susceptible to corruption because such large and discrete contracts offer the corrupt officials the opportunity to ensure that the private agent wins the contract or let lose the regulatory burdens on the agent, all for private gain to the officials. Transparency International (2014) though did not mention these two issues but concurs that public officers in power and managerial control over government budgets and investments are generally susceptible to corruption and the effect is inefficiency in the PI system, generally.

The World Bank Group Country Opinion Survey of 2019 tells the story of corruption in Nigeria story respondents believed that corruption is the major cause of policy failure as shown in Table 1. TI measures the corruption perception index which is the perceived levels of public sector corruption in countries globally and Nigeria consistently ranked 25 and 28 between 2012 and 2018. Corruption is the topmost factor that hinders or delays policy reforms in a country that has poverty reduction among the first five key development priorities. It suffices to adduce that public corruption hinders poverty reduction policies in Nigeria.

Table 1: Attributions of Slowed or Failed Reforms in Nigeria

Factors attributable to policy reform slow or total failure	**% Respondents (N=475)**
Corruption	64.6
Poor coordination within the government	40.8
Inadequate level of government accountability	21.1
Political pressures and obstacles	16.4
Reforms are not well thought out in light of the country's challenges	13.9
Inadequate level of capacity in the government	8.8
Inadequate level of donor coordination	8.2
Inadequate World Bank Group's communication on the reform	8.0
Inadequate level of citizen/civil society participation	7.8
Inadequate level of private sector participation	5.7
Private sector involvement and/or influence	2.5
Others	0.0

Notes: Survey question *when economic and/or social reform efforts fail or are slow to take place in Nigeria, which of the following would you attribute this to?* Respondents were given the option of choosing no more than two from the list.
Source: World Bank Public Opinion Research Group (2019, p.46).

b. Political rent-seeking factor: Apart from public corruption, political rent-seeking in the form of selecting 'white elephant projects' affects public investment allocation efficiency. Robinson and Torkvik (2005), refer to the white elephants as investment projects without a positive social surplus in investment allocation. The authors argued that the inefficient nature of this form of investment misallocation is aimed at influencing the voters' behaviour, because "it allows only some politicians to credibly promise to build them (white-elephant projects) and thus enter into credible distribution" while all politicians can commit to building socially efficient projects (p. 197). In the view of Turró and Penyalver (2019), the white elephant "qualify public investments representing a severe misallocation of society's resources or expenditures that can be deemed to reduce the wellbeing of its future members". Rajramia, et al. (2006) noted that the white elephant project selection causes low efficiency in PI. Hence, this type of project may cost a lot of money, and usually lack social benefits to the citizens but rather serve as rain pipes for politicians.

The white-elephant projects are not immune to any level of government but rather affect local, state and federal governments in Nigeria as evidence of such 'gigantic' projects - either abandon or socially unproductive littered everywhere. El-Rufia (2012) asserts that unproductive white-elephant projects have been a draining conduit, for example, the N52m Zobe dam in Katsina State, commissioned in 1983 by President Shehu Shagari's administration not only has several times the original amount been spent on the project, but it also has not pumped up a single litre of water. Another good example is the Ajaokuta Steel Rolling Mills which has gulped about N675bn, yet has not produced any steel. The Daily Newswatch of October 3, 2014, captures the situation this way:

Indeed, the abandoned projects by Federal Ministries Departments and Agencies had climbed from 11,886 three years ago to 20,000, going to figures supplied by the Minister of Finance and Coordinating Minister of the economy Mrs Ngozi Okonjo-Iweala. Indeed, when similar unaudited abandoned projects by the 36 state and 774 local governments are added, the figure would be astounding.

The Presidential Projects Assessment Committee (PPAC) reported that it will cost the federal government an estimated N7.78 trillion to complete the 11,886 in addition to N2.2 trillion already spent on those projects. Irrespective of the socioeconomic consequence, successive governments toe the same line embarking on white-elephant projects, every successive government toes the same path in other to get voters' support during elections, not minding the detrimental economic and developmental consequences.

The Nations Newspaper editorial report of October 28, 2012, lamented the attitude of successive administrations toward projects initiated by their predecessor this way: "sadly, successive administrations show no understanding for how much was spent on such projects that are met on the ground or more significantly, the importance of such to the well-being of the people as a whole". So, successive governments treat such projective with a kid's glove to provide a cheap ground for political campaigns for the incoming government. All of these are to the detriment of the citizens. In a bid to stay the ugly tide, Senator Jibrin Barau sponsored a bill, '*Compulsory Development Planning and Project Continuity Bill'*, in the Upper Chamber seeking to criminalize abandoned projects as the government is a continuum. He noted the implications on Nigeria's economic and infrastructural development and concludes that it has induced corruption since 1999 (News Agency of Nigeria, June 3, 2021). The negative implications of white-elephant projects on public investment cannot be overemphasized.

c. Policy inconsistencies: Policy inconsistency is another argument similar to abandoned projects. As many administrations we have had in Nigeria, the number of economic as well as poverty reduction policies. For example, between 1999 and now, we have had four such Action plans, from Obasanjo's NEEDS to Yar'Adua's 7-point Agenda to Jonathan's Transformation Agenda and the present Buhari Administration's Economic Recovery and Growth Plan (ERGP).

In a usual self-defence manner, governments often blame lack of funds for policy failure and for abandoning projects. But from the survey report in Table 1, poor coordination and lack of accountability by the government could rather be the cause. Whereas 40.8% of respondents point to poor coordination within the government as the cause of policy failure, 32.1% believed that an inadequate level of government accountability is the cause. Those ranked send and third respectively; surprisingly, lack of funds is not among the factors that truncate government policies.

Being as inconsistent as the argument of lack of funds may be, the economic policy options of the past administrations are altogether a new wine in old skin, as none of those has been able to significantly deliver on developmental indices to reduce poverty, rather they use such so-called poverty alleviation policies to create avenues for contract splitting, upfront payments for contracts before execution etc.

VI. DISCUSSIONS

What are the ways forward for improved PIE in Nigeria? Based on the evidence in the preceding session, we advocate ways to improve public expenditure management vis-à-vis PIE in Nigeria.

- Government should be committed to channelling PT funds to specific socio-economic investment infrastructure priority sectors such as education, healthcare and social amenities development that directly link development and poverty reduction. For example, by prioritizing and increasing budgetary allocation for SDGs-related expenditure and other poverty reduction-focused sectors of the economy.
- Government should be publishing the petroleum revenue (PPT) from time to time, possibly every quarter. This is to enable Nigerians to scrutinize the government's incomes and ask questions on how they are been spent. This may substitute for Sala-i-Martin and Subramanian (2003) and Devarajan et al. (2011) proposals for direct oil revenue redistribution in oil-rich nations. The authors argued that when the citizens have adequate information on the amount of revenue transferred to the government that the people will be in a better position to scrutinize government public spending, which will, in turn, increase the government's engagement in designing and implementing policies that will improve the welfare of the citizens, by so doing, promote development and reduce poverty.
- To promulgate laws that will criminalize 'white elephant' projects. They should also improve on or develop a more transparent and accountability-focused framework for the public expenditure management mechanism. This could be done by developing a well-defined development policy priority supported by financial and economic feasibility and sustainability tests. Such steps will strengthen institutional good governance; improve transparency and accountability; and eradicate corruption.
- Government should ensure target- and objective-driven investments, where cost-benefit analysis and inter-sectoral comparison should be done in assessing the ex-ante public investment impact on poverty reduction while determining the allocation-location effects. This suggests the need to create policy-relevant repository datasets for cost-benefit analyses of previous investment projects. Meanwhile, for investments in basic human needs (food, shelter and clothing) that may not necessarily require cost-benefit analysis because of the fundamental nature of such investments, the government has to consider the least-cost method approach in providing these needs.
- Public engagement and involvement in the formation and implementation of policies and programs meant for the benefit of the poor. It is he who wears the shoe that knows where it pinches him, therefore, the need to involve the poor people in development plans and reformation agenda that are meant to affect them. They can also be part of project appraisal, selection, monitoring and evaluation teams to serve as watchdogs to ensure that leaders provide quality infrastructures, goods and services for the public.
- Re-orientation in Nigeria's value system is important because society seems to honour corrupt rich leaders; and that undermines transparency, integrity and morals. Sala-i-Martin and Subramanian (2003) while describing the situation state that one could even hazard to say that the average Nigerian considers the issue of corruption to be a fundamental problem in Nigeria. The malady cuts across ages and gender.

- The instrument of a well-structured Asset Declarations can also offer a good prospect as a built-in mechanism in encouraging and ensuring that public office holders act in the interest of the public rather than for personal gain because assets declaration instrument helps in preventing, detecting, investigating, and sanctioning corrupt officials in the public offices.

VII. CONCLUSION AND POLICY IMPLICATIONS

This paper evaluates the impact of PPT through PI on poverty reduction. It argued that the PPT revenue has not translated to poverty reduction due to inefficiency in PI in Nigeria. From the analyses, we found that PIs are influenced by political rather than economic rationales coupled with public corruption; and the consequence is summarily unproductiveness of such investments resulting in public investment inefficiency. This is evidenced in gross inefficiency in over PI and disaggregated components' PIE indices except in the implementation component. The reason for this we analytically argued that it is due to corruption and political rent-seeking in the forms of "white elephant projects" and policy inconsistencies among the public officeholders.

The implication on the economy is that it leads to waste and also induces civil conflict and insecurity as a result of what Oyefusi (2007, p.1) called *"violent rent-seeking political violence."* Most of the insecurity and crises like the Niger-Delta conflicts, rampant kidnapping, oil theft, and even Boko Haram insurgent (to some extent) can be quelled, if the government is committed to investing the huge PPT revenue in functional target sectors like Education, Health care, Agriculture and Infrastructure (like roads, water, electricity) that empower as well as create jobs for Nigerians.

The policymakers should, therefore, be proactive in addressing the insecurity-poverty problem through the instrumentality of an efficient public investment management strategy. Finally, commensurate poverty eradication can be achieved from the huge PPT proceeds only by addressing the public investment inefficiency issues of corruption, political rent and policy inconsistency.

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