

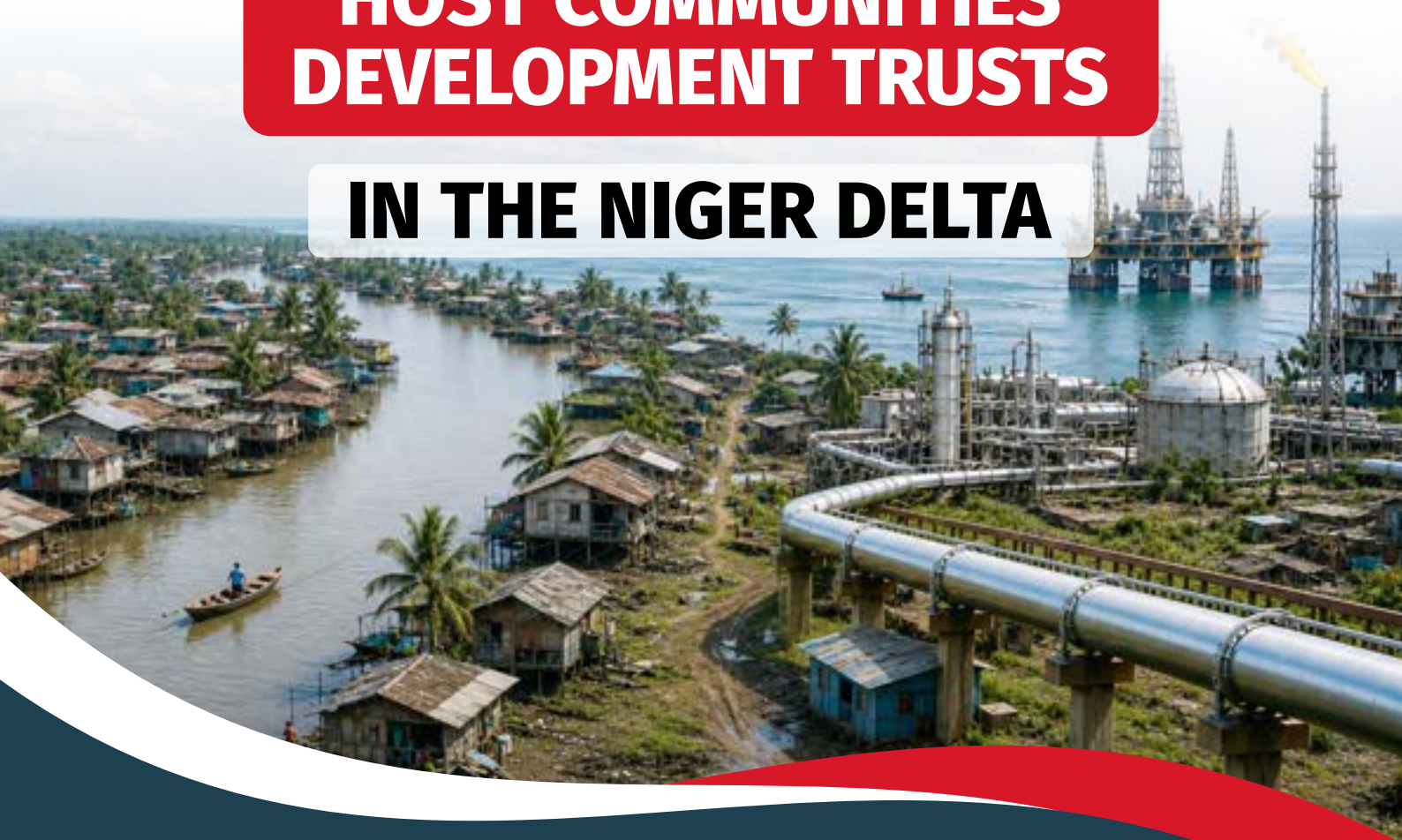


SDN

EVALUATION OF THE IMPLEMENTATION STATUS OF

**HOST COMMUNITIES
DEVELOPMENT TRUSTS**

IN THE NIGER DELTA



A RESEARCH REPORT

Stakeholder Democracy Network (SDN)

ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

ABBREVIATION	
AC	Advisory Committee
BoT	Board of Trustees
CAC	Corporate Affairs Commission
CDB	Cluster Development Board
CDP	Community Development Plan
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
FGD	Focus Group Discussion
GMoU	Global Memorandum of Understanding
HCDT	Host Communities Development Trust
HOSTCOM	Host Communities of Nigeria Producing Oil and Gas
IOC	International Oil Company
KII	Key Informant Interview
MC	Management Committee
MSP	Multi-Stakeholder Platform
NBC	National Boundaries Commission
NMDPRA	Nigerian Midstream and Downstream Petroleum Regulatory Authority
NNPCL	Nigeria National Petroleum Company Limited
NUPRC	Nigerian Upstream Petroleum Regulatory Commission
OML	Oil Mining Lease
OPEX	Operating Expenditure
PIA	Petroleum Industry Act
PIND	Partnerships Initiative in the Niger Delta
PwD	Person with Disabilities

RDC	Regional Development Committees
SDN	Stakeholder Democracy Network
SPDC	Shell Petroleum Development Company
MoU	Memorandum of Understanding

EXECUTIVE SUMMARY

The Petroleum Industry Act (PIA) 2021 introduced the Host Communities Development Trust (HCDDT) as a landmark reform to guarantee statutory benefits for oil and gas host communities. Each Settlor (licensed oil and gas company operating in or near host communities) is mandated to contribute 3% of its previous year's operating expenditure (OPEX) to the Trust, run by local trustees and managers. This model replaces voluntary oil and gas company community development models, which are widely criticised for weak accountability and uneven impact. Four years on, this study provides one of the first community-centred assessments of the implementation status of HCDDTs in the Niger Delta, enriched by direct insights from regulators.

WHY THIS STUDY MATTERS

Expectations for the HCDDTs have been high: communities anticipated greater inclusion, more transparent funding, and tangible development outcomes. However, anecdotal reports and previous research have pointed to delays in incorporation and funding, disputes between clustered host communities and between host communities and Settlers, and opportunities for greater regulatory oversight. This study grounds these observations in the lived experiences of communities, drawing on focus groups, key informant interviews, a survey of HCDDTs, and secondary data to evaluate the extent to which HCDDTs are meeting their statutory promise. Interviews with regulators further illuminate the state of implementation, revealing both progress and gaps.

KEY FINDINGS

- **Slow operationalisation:** Although 160 Host Community Development Trusts have been incorporated under the Nigeria Upstream Petroleum Regulatory Commission's oversight, it is estimated that more than 40 per cent¹ of them are inactive. Registration has not translated into project implementation across the board, with some communities reporting operational bottlenecks, such as the absence of funds or CDPs yet to be approved. The NMDPRA, on the other hand, has launched its portal to facilitate the registration of all HCDTs under its jurisdiction and has also commenced the incorporation process of HCDTs with the Corporate Affairs Commission (CAC).
- **Opaque funding and enforcement gaps:** Communities often lack clarity on whether the 3% OPEX obligations required under the framework have been fully remitted. While the law does not explicitly compel settlors to disclose detailed OPEX calculations to host communities, regulatory mechanisms have been introduced to enhance transparency and accountability. For instance, the Nigerian Upstream Petroleum Regulatory Commission requires settlors to submit audited financial statements and supporting documentation to verify their contributions. In addition, its HostComply² platform is designed to enable real-time monitoring of remittances and identify potential defaults. Similarly, the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) has launched its digital portal that incorporates similar monitoring and reporting functions to strengthen oversight and transparency.
- **Exclusion and elite capture:** Women, youth, and persons with disabilities remain largely sidelined from HCDT governance and decision-making. The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) acknowledged the absence of statutory quotas but encouraged greater inclusion in the Board of Trustees (BoT), Management Committee (MC), and Advisory Committee (AC) structures, alongside implementing capacity-building workshops and inclusive needs assessments. The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) also pledged to review and verify future Community Development Plans (CDPs) to ensure alignment with the Sustainable Development Goals (SDGs) and principles of inclusivity during the incorporation process.
- **Mixed impact:** So far, communities report little change compared to the Global Memorandum of Understanding (GMoU) era, particularly regarding community participation in HCDT leadership nominations and project selection processes. However, there are positives: mandatory contributions by Settlers to their host communities; formal structures now exist; cross-community cohesion is emerging; regulators have introduced digital oversight tools; and HCDT leaders are open to capacity-building support to enhance performance.

¹<https://www.arise.tv/pia-nuprc-registers-155-host-community-trusts-in-niger-delta-as-leaders-seek-13-derivation-share/>

²<https://hostcomply.nuprc.gov.ng/>

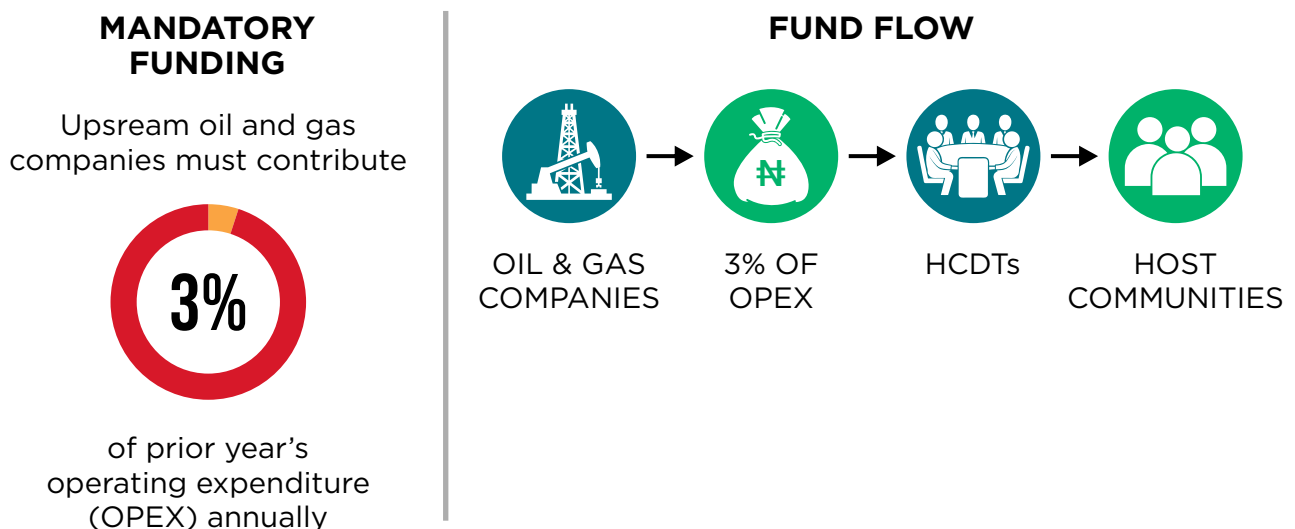
RECOMMENDATIONS

- **The regulators:**
 - The NUPRC and NMDPRA should enforce settlor compliance, as stated in the PIA, with clear sanctions for late or incomplete payments to Trusts. Both regulators should deepen transparency by publishing trusts' and settlers' performance reports in local languages, holding town halls, and making project proposals and tenders publicly available. Prohibit trustees from serving on multiple trusts concurrently and institute a code of conduct for BoT members.
 - Both regulators, in collaboration with the National Boundary Commission (NBC), should expedite the identification and mapping of littoral communities to ensure that they are properly recognised and able to access the benefits provided under the HCDTs.
 - Specifically, the Federal Government should ensure the timely release of funds to the NMDPRA to enable it to resolve administrative delays and fast-track portal completion.
- **For Settlers (Oil and Gas Companies):** Provide the members of the BoT with details on how the 3% OPEX contributions were calculated, including arrears and distribution matrices. This will promote transparency and increase trust and cohesion between the settlers, HCDTs and their respective communities.
- **For HCDT Administrators:** Promote transparency by publicly disclosing community development plans, financial inflows, budgets, and contract awards in accessible formats, including during community town hall meetings, to ensure that community members are adequately informed on how their collective HCDT resources are utilised, and able to engage in oversight processes.
- **For Communities:** Nominate credible, competent, and accountable individuals to represent their interests within the HCDT leadership board. The nomination process should be transparent and inclusive, ensuring that selected representatives demonstrate integrity, a commitment to community development, and the capacity to engage effectively in decision-making. They should also demand that BoT and MC members declare any conflicts of interest and provide regular progress reports at town hall meetings.
- **For CSOs and the Public:** Serve as watchdogs by monitoring and evaluating the quality of projects to ensure they align with community development priorities, track progress on inclusion, and publicly share their findings. For example, SDN has developed an independent online HCDT monitoring platform that enables CSOs and members of the public to access information, track project implementation, and strengthen accountability in the management of HCDT resources.



INTRODUCTION

Nigeria's Petroleum Industry Act (PIA) 2021, the culmination of two decades of legislative advocacy, created the Host Communities Development Trust (HCDT) as a statutory mechanism to deliver predictable, community-led benefits to oil and gas host communities. The Act obligates upstream oil and gas companies to fund HCDTs annually at 3% of the prior year's operating expenditure (OPEX) and specifies a governance architecture comprising a Board of Trustees, Management Committee, and Advisory Committee of host communities. Their duties include planning and implementing community development projects and being accountable to beneficiary communities.^{3,4} The Nigerian Upstream Petroleum Regulatory Commission (NUPRC), which regulates the process, created an implementation template to operationalise these provisions, including steps for incorporation, governance set-up, project pipelines, and dispute mechanisms.^{5,6}



³Federal Republic of Nigeria. (2021). *Petroleum Industry Act, 2021 (Act No. 6)*. Official Gazette.

⁴Nigerian Upstream Petroleum Regulatory Commission (NUPRC). (2022). *Host Communities' Development Trust Implementation Template*.

⁵*Ibid.*

⁶Stakeholder Democracy Network (SDN). (2024). *Practical approaches for the effective implementation of Host Community Development Trusts (HCDTs)*.

GOVERNMENT STRUCTURE



Before the PIA, operators, notably Total (now TotalEnergies EP), Chevron and Shell Petroleum Development Company (SPDC), implemented either the Memorandum of Understanding (MoU) or Global Memorandum of Understanding (GMOU) model. This was a voluntary, company-designed Corporate Social Responsibility (CSR) agreement implemented through Regional Development Committees (RDCs) or Cluster Development Boards (CDBs). The GMOU introduced more structured engagement than ad-hoc CSR compared to the MoU, but remained company-driven and contractual, with recurring concerns about accountability and representation within RDCs/CDBs.^{7,8} By contrast, the HCDDT is statutory, funding is mandatory (3% OPEX), and regulatory oversight is clearer under the PIA/NUPRC framework. In other words, the HCDDT model marks a shift from a voluntary CSR to a mandatory, rights-anchored, regulated mechanism integrated into Nigeria’s petroleum governance.

FROM (OLD)	TO (NEW HCDDT MODEL)
Voluntary CSR	Statutory Framework
Company-Driven	Community-Focused
Ad-hoc Agreements	Regulated & Standardized
Weak Oversight	Strong Regulation
Limited Accountability	Accountable to Communities

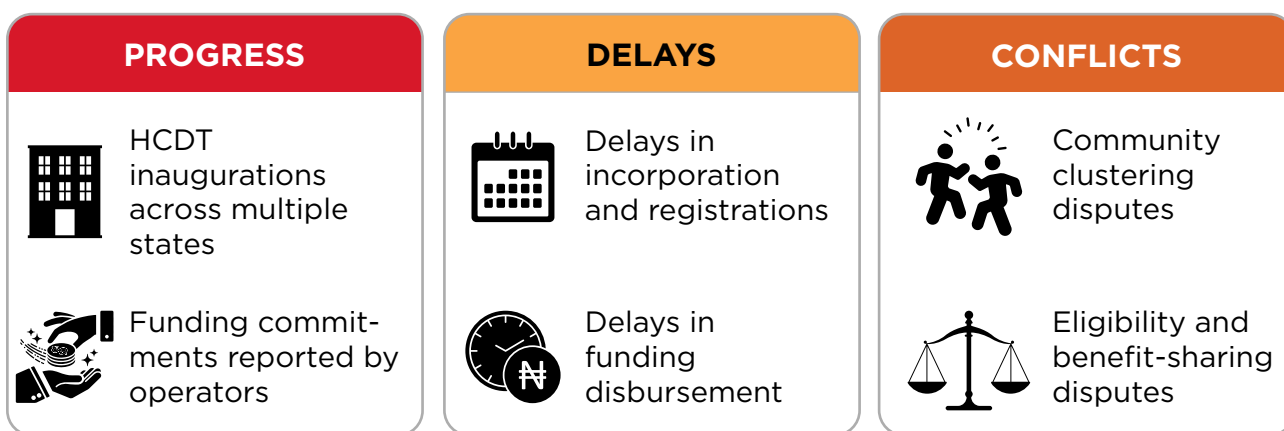
⁷Chevron Nigeria Limited. (2019). *2018 Corporate Responsibility Report: Enabling Prosperity*.

⁸Hoben, M., Kovick, D., Plumb, D., & Wright J. (2012). *Corporate and Community Engagement in the Niger Delta: Lessons Learned from Chevron Nigeria Limited’s GMOU Process*.

Why assess the HCDDT implementation now? It has been nearly five years since its enablement in the PIA framework, and anecdotal reports have painted a mixed picture about the model. Also, within this timeframe, three developments have made a timely, evidence-based assessment essential. The first is *portfolio shifts and divestments*. Major International Oil Companies (IOC) transactions (e.g., the sale of SPDC to Renaissance, and the ExxonMobil-Septat deal) are reshaping operatorship and risk profiles in the onshore/shallow-water Niger Delta. These changes may affect HCDDT continuity, capacity, and incentives for long-term community partnership. A grounded assessment, therefore, can identify safeguards that regulators and operators should adopt during and after ownership transitions.^{9,10,11}

The second is *community expectations and early practice*. The dawn of HCDDTs has raised expectations for tangible benefits and a greater voice in oil and gas communities. Public reporting shows both progress in the inauguration of HCDDTs across multiple states and operators' funding commitments. However, these reports have also suggested delays in incorporation and funding, friction over the clustering of communities under HCDDTs, and issues with eligibility and benefit-sharing, which can trigger grievances if not managed transparently.^{12,13,14} A systematic, community-centred assessment of HCDDT, therefore, can help to separate incorporation 'on paper' from operational effectiveness on the ground.

EARLY PRACTICE: MIXED PICTURE



⁹Shell. (2024, January 16). Shell agrees to sell Nigerian onshore subsidiary, SPDC.

¹⁰Reuters. (2024, October 21). Nigeria approves Exxon-Septat \$1.28 billion deal, oil regulator says.

¹¹S&P Global Commodity Insights. (2025, March 14). Shell officially quits Niger Delta as Renaissance oil deal closes.

¹²SweetCrudeReports. (2023, December 3). NUPRC announces incorporation of 82 Host Community Development Trusts (HCDDTs).

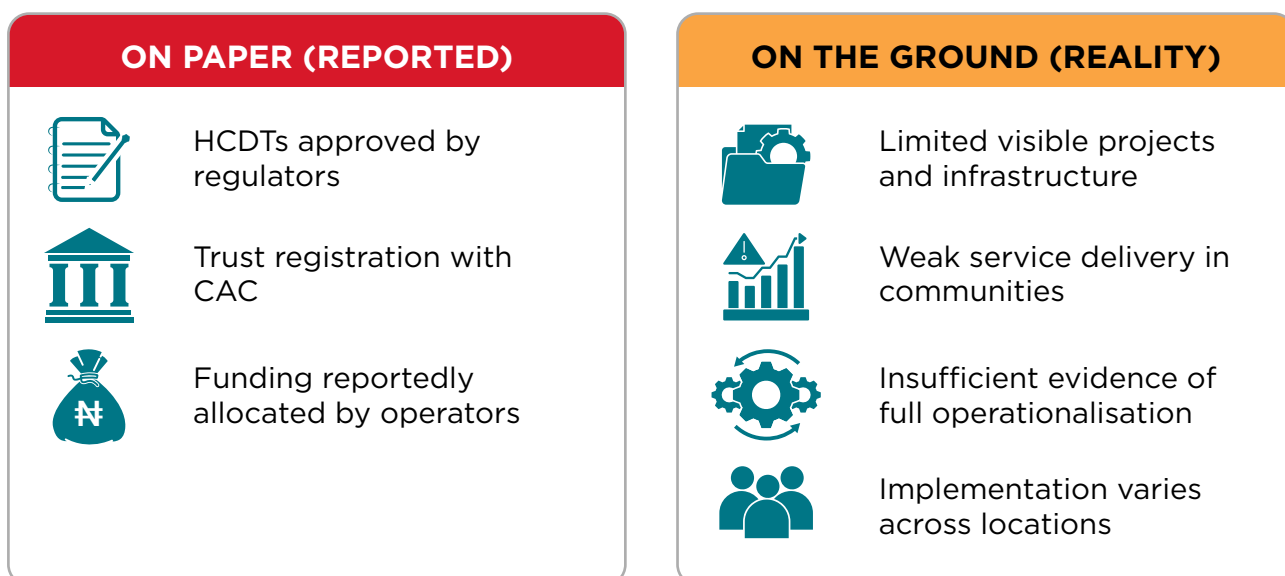
¹³Environews Nigeria. (2023, May 24). Shell inaugurates eight host community development trusts in Bayelsa.

¹⁴Daily Trust. (2023, October 19). PIA: Bayelsa communities, oil companies bicker over host community trust fund.

The third is *policy and institutional gaps*, especially around littoral delineation. The PIA's host-community provisions intersect with littoral community delineation (communities within 500m of the coastline). Evidence shows uneven progress so far. For example, in 2024, Bayelsa State continued its push for the National Boundaries Commission (NBC) to map its littoral communities. That is to say, three years after the enactment of the PIA, there was yet to be a comprehensive delineation of communities located 500m from the coastline—a key determinant of the extent of benefits to be derived under the HCDDT arrangement. In October 2025, community leaders in Delta State voiced dissatisfaction with the NBC over its failure to delineate littoral communities in the state. They noted that the delay has created uncertainty and impedes their ability to access benefits under the HCDDT framework, as guaranteed by the PIA.¹⁵ Observers have warned that the delay in delineation could trigger tensions between and among communities and between communities and operators/regulators over representation and funding flows, underscoring the need for status tracking of the HCDDTs.¹⁶

While official reporting indicates substantial progress in the implementation of the HCDDTs—approvals granted, trusts registered with the Corporate Affairs Commission (CAC), and funding channelled to the HCDDTs—these, by themselves, may not mean or guarantee operationalisation as intended in the PIA. Although efforts have been made to understand the challenges surrounding HCDDT implementation, this study's unique aspect is its community-centred approach. It gathers the perspectives and experiences of host communities by engaging with everyday people, leaders, and those involved in HCDDT operations. The aim is to ensure that the findings are rooted in the realities of the people. For balance, the study also gathered the perspectives of oil and gas companies (national and international), CSOs, the NUPRC and the NMDPRA.

IMPLEMENTATION PROGRESS VS REALITY



¹⁵The Punch. (2025, October 9). Delta communities urge FG, IOCs to tackle ocean surge.

¹⁶NUPRC. (2025). *2024 Annual Report*.

STUDY OBJECTIVE AND RESEARCH QUESTIONS

OBJECTIVE

To conduct a comprehensive evaluation of the implementation status of HCDTs across the eight Niger Delta states.

Research Questions ?

01

To what extent have HCDTs been established and operationalised across the Niger Delta?

02

What are the prevalent challenges and conflicts emanating from HCDT implementation and their impacts?

03

What is the level of host community participation, gender, and social inclusion—and what barriers persist?

04

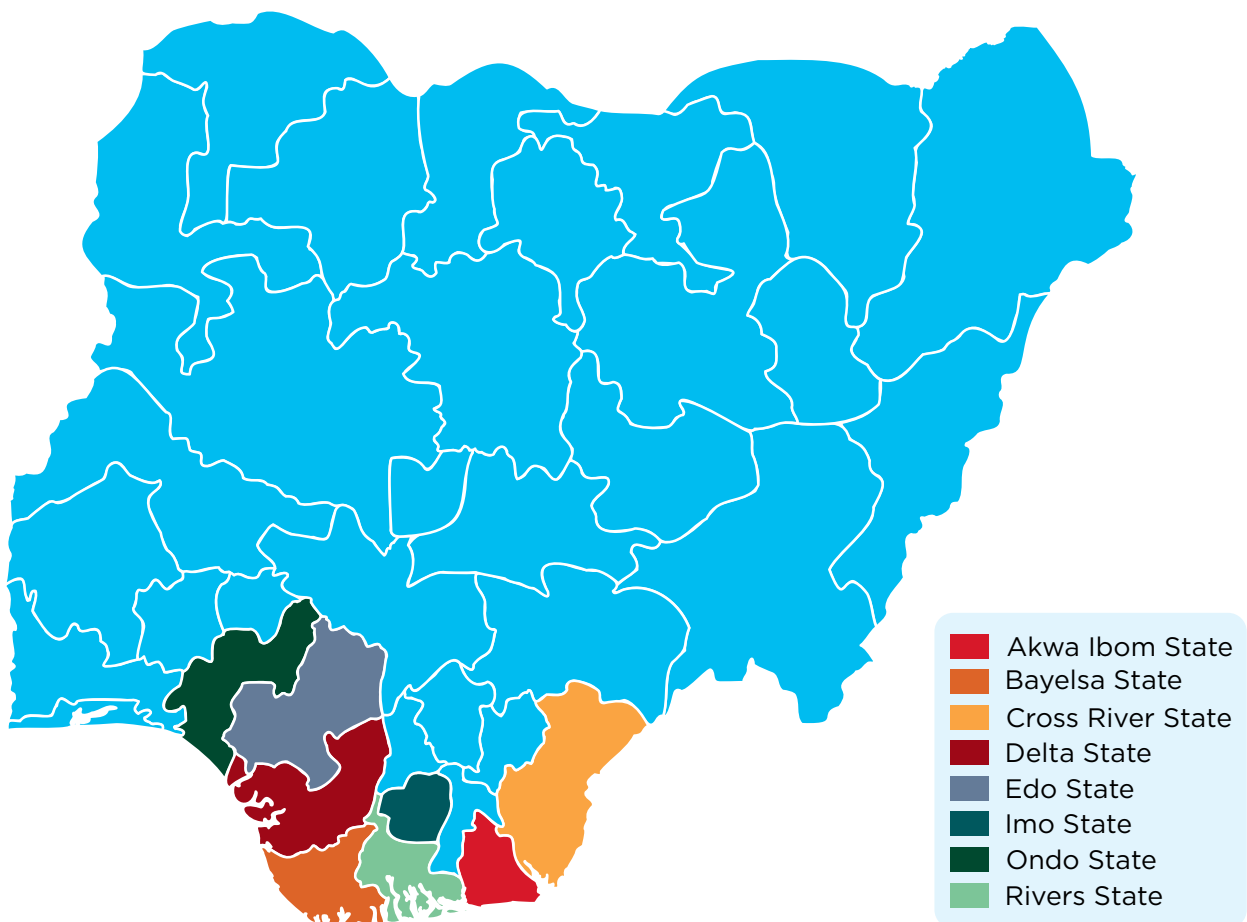
What has been the impact of HCDTs on community development in the Niger Delta?

METHODOLOGY

RESEARCH DESIGN

The study employed a mixed-methods design to evaluate the implementation status of the HCDTs across the eight Niger Delta states (Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo, and Rivers). A cross-sectional approach was used to capture data across multiple states and stakeholder groups. This design was deliberately community-centred and participatory, ensuring that community voices informed the core of the analysis. These perspectives were cross-verified with those of regulators and oil companies to generate a balanced and reliable account of implementation realities.

COVERAGE: 8 NIGER DELTA STATES

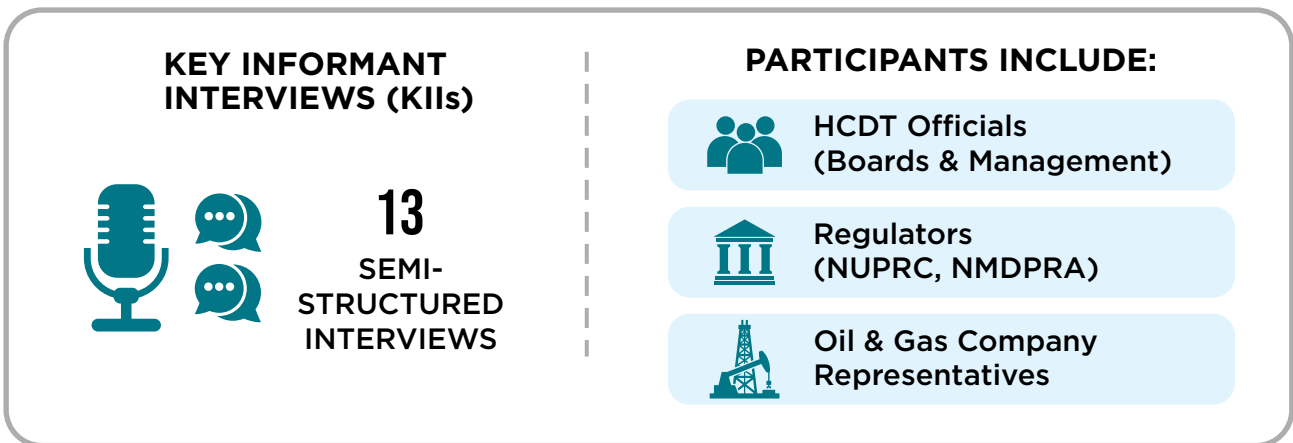


DATA COLLECTION

The following data collection methods were utilised:

- **Key Informant Interviews (KIIs)**

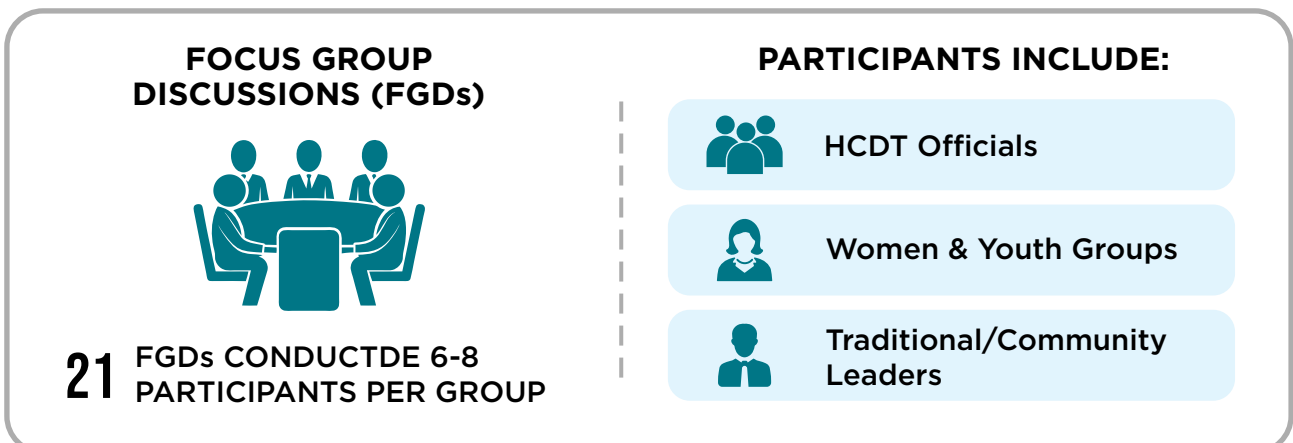
A total of 13 semi-structured KIIs were conducted with individuals who held institutional roles or insider knowledge of HCDTs, as well as members of host communities. Respondents included members of HCDT boards and management teams, regulators from the NUPRC, NMDPRA, and NBC, and representatives of oil and gas companies (international and indigenous). These interviews provided insight into strategic, regulatory, and operational aspects of HCDT implementation.



- **Focus Group Discussions (FGDs)**

A total of 21 FGDs were convened across the eight states. Each FGD involved 6-8 participants. These included HCDT officials, representatives of women and youth groups, and traditional/community leaders.

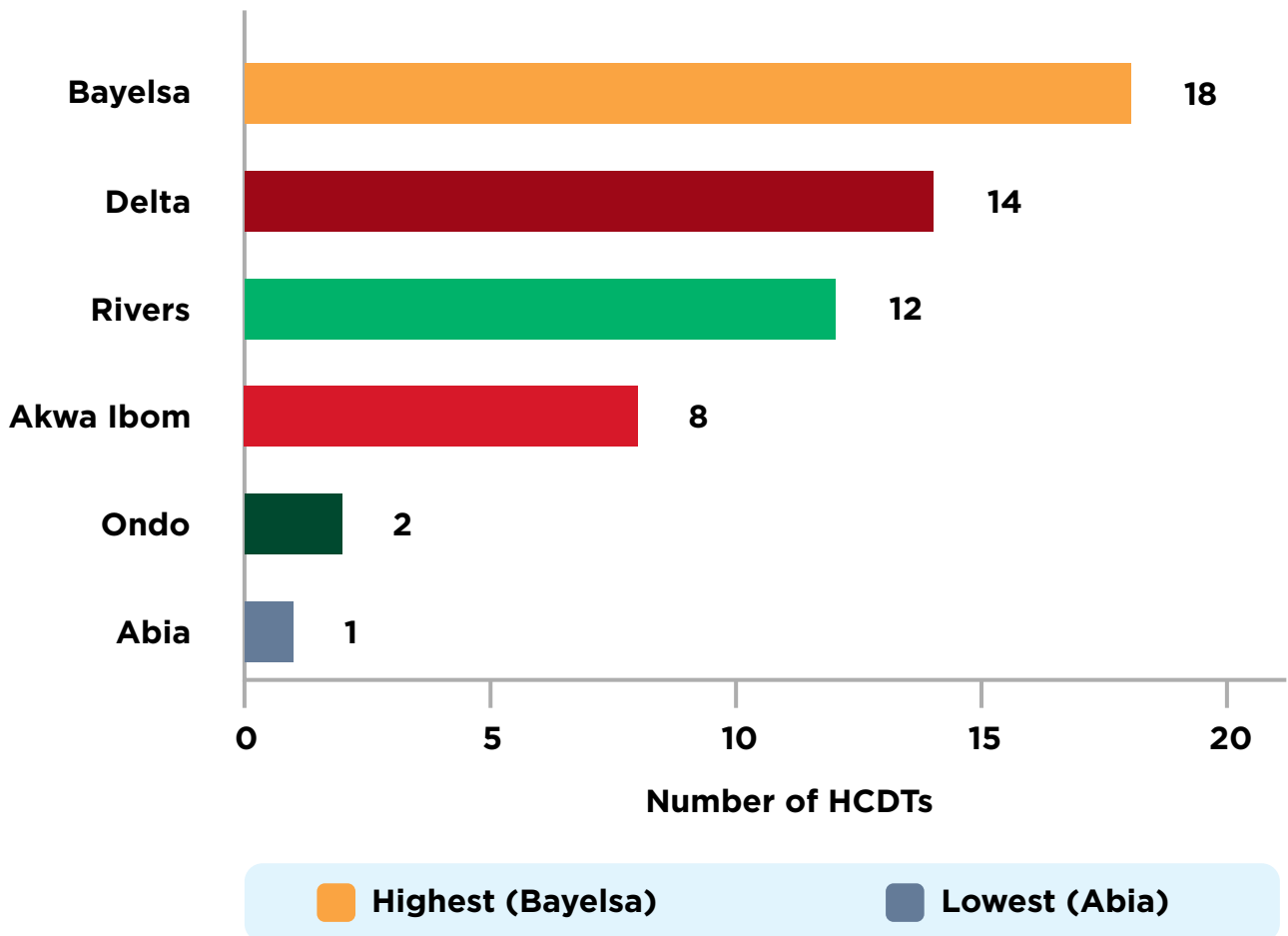
This FGD structure ensured inclusivity across gender, generational, and leadership perspectives. The FGDs illuminated grassroots understandings of HCDTs, experiences of participation, and concerns about inclusivity, benefit-sharing, and other key implementation aspects.



- **Survey Questionnaire**

A survey questionnaire was administered to supplement the qualitative data. A total of 55 HCDTs across Akwa-Ibom, Rivers, Delta, Ondo, Abia, and Bayelsa States responded to the survey questionnaire. The distribution is shown below:

Table 1: Number of HCDTs Surveyed by State



This represents 37% of the entire incorporated HCDTs in Nigeria.

- **Secondary Data**

The study also reviewed secondary materials, including the PIA 2021, NUPRC’s HCDT Implementation Template, official gazettes of the Government of Nigeria, publications on the HCDT framework and operations, verified news reports, scholarly articles, and reports by non-profit organisations considered authoritative voices on the PIA and the HCDT.

Table 2: Data Collection Summary

Method	Coverage	Respondents/Groups	Output
Key Informant Interviews (KIIs)	6 States	HCDT officials, oil company representatives, and regulators	13 KII interviews
Focus Group Discussions (FGDs)	6 States	HCDT officials, women and youth representatives, traditional/community leaders	21 FGDs
Survey Questionnaire	6 States	55 HCDTs	55 Survey questionnaires administered
Secondary Data	PIA, HCDT implementation across the Niger Delta	Laws, gazettes, academic articles, media reports, CSO publications	Used to triangulate findings

GEOGRAPHIC SCOPE

The study covered six oil- and gas-producing states: Akwa Ibom, Bayelsa, Abia, Delta, Ondo, and Rivers. Data collection across the states was achieved through collaboration with other Ford Foundation grantees. While SDN relied on its access to communities to schedule KIIs and FGDs, the Partnerships Initiative in the Niger Delta (PIND) collaborated with SDN to mobilise the HCDTs across five states through its Multi-Stakeholder Platforms (MSPs) to participate in the survey. This collaboration enhanced both the depth of fieldwork and the credibility of findings.

DATA ANALYSIS

Qualitative data from KIIs and FGDs were transcribed and subjected to thematic content analysis, with coding structured around the research questions. The quantitative survey data were cleaned, analysed and visualised using advanced Excel techniques. Secondary sources were reviewed to create a clear picture of what has been written already on the status of the HCDTs

LIMITATIONS

The study was not without limitations. In some locations, hostility from HCDTs constrained fieldwork, as a number of leaders declined to take part and, on occasion, responded in openly adversarial ways. The research team observed a concerning unwillingness of HCDT managers (BoT, MC, and AC) to participate in the research, and they also received threats of abduction. In these areas, it was considered safer to withdraw the team. Some community members initially mistrusted the research team. This was mitigated

through early, transparent engagement with community leaders and grassroots organisations.

The political and corporate sensitivities surrounding the subject required strict confidentiality, which may have tempered the depth of responses to some questions.

While regulatory officials within the NMDPRA and the NUPRC cooperated fairly with the research team, access to some research-mapped Settlers was difficult to obtain, limiting the breadth of official government perspectives.

Nonetheless, the diversity of the respondents provided balanced and credible insights. The data gathered is adequate for a reliable understanding of the status of HCDT implementation across the Niger Delta.

Finally, it is important to note that some of the challenges identified during fieldwork may have been addressed between the completion of data collection and the publication of the final report.



HCDT FRAMEWORK UNDER THE PIA: AN OVERVIEW

This section presents an overview of the HCDT framework as outlined in the PIA 2021, including its legal foundation, governance structure, stakeholder roles, and analyses of implementation status drawn from publicly accessible sources.

STATUTORY MANDATE AND OBJECTIVES

The legal foundation for the HCDT is laid out in Chapter 3 of the PIA 2021, specifically Sections 234–257. The Act mandates that every petroleum licensee or lessee (referred to as a 'Settlor') must establish an HCDT for each host community where it operates. As provided in Section 240(2), each Settlor is required to contribute 3% of its actual annual operating expenditure from the preceding financial year to the HCDT in its area of operation.¹⁷ This contribution is not discretionary—it is, as explained in the introduction, a legal obligation intended to replace the previously voluntary MoU and GMoU frameworks, which were heavily criticised for lack of enforceability and transparency.¹⁸ The primary objectives of HCDTs include:

- Financing and executing development projects for host communities.
- Advancing education, healthcare, and infrastructure.
- Supporting environmental protection and remediation.
- Promoting economic empowerment and sustainable livelihoods.
- Investing part of the funds for long-term growth on behalf of host communities.¹⁹

These objectives reflect a shift from reactive compensation to proactive development, to foster trust and reduce the long-standing tensions between oil companies and host communities in the Niger Delta.

¹⁷Federal Republic of Nigeria. (2021), *Op.cit.*

¹⁸AO2LAW. (2024, May 27). *Host Communities Development Trusts under the PIA: Policy vs Practice.*

¹⁹NUPRC. (2022). *Host Communities Development Trust Implementation Template.*

HCDT GOVERNMENT STRUCTURE

The PIA establishes a three-tiered HCDT governance structure, comprising the Board of Trustees (BoT), the Management Committee (MC), and the Advisory Committee (AC). Each organ has distinct roles and responsibilities designed to ensure participatory governance, transparency, and accountability.

- **The Board of Trustees (BoT)**

The BoT is the apex decision-making body of the Trust. Its responsibilities include:

- Receiving and managing the annual contributions from the Settlor.
- Approving the annual budget and development plans.
- Ensuring compliance with statutory obligations.
- Appointing external auditors and overseeing financial reporting.

Trustees are to be nominated by host communities and appointed by the Settlor, subject to regulatory approval. The BoT must include at least one representative from each host community in the Settlor's Oil Mining Lease (OML) area, and members are expected to possess integrity, experience, and a commitment to community development.

- **The Management Committee (MC)**

The MC is to handle the day-to-day administration of the Trust, and is specifically responsible for:

- Implementing development projects approved by the BoT.
- Preparing annual budgets and progress reports.
- Coordinating with contractors and service providers.
- Ensuring timely execution of community initiatives.

There are also non-executive members of the MC, selected from the host communities that make up a Trust, thereby reinforcing the participatory ethos of the HCDT framework.

- **The Advisory Committee (AC)**

The AC serves as a liaison between the Trust and the broader host community. Its functions include:

- Providing feedback on project implementation.
- Facilitating community engagement and dispute resolution.
- Advising the MC and BoT on local priorities and concerns.

The AC is to be composed entirely of host community members, including traditional leaders, youth, and representatives of women's groups. This structure is intended to ensure that diverse voices are represented in the planning and execution of development initiatives.

- **Key Stakeholders**

The Act acknowledges the critical place of other stakeholders in the oversight and implementation of HCDTs. These include newly established regulatory bodies such as the NUPRC and NMDPRA, both created by the Act to supervise compliance and operational standards across the petroleum value chain. It also involves pre-existing institutions like the NBC, which assists in delineating host communities, particularly in offshore and coastal areas. Equally important are the oil and gas companies or Settlers, who are legally mandated to establish and fund the Trusts, and serve as secretary of the Trusts, and the host communities themselves, who play a central role in HCDT governance through the nomination of trustees and participation in development planning.

- **Nigeria Upstream Petroleum Regulatory Commission (NUPRC)**

As the upstream regulator, NUPRC plays a central role in overseeing HCDTs established by upstream operators. To do this, it developed the HCDT Implementation Template, which outlines procedures for registration, incorporation, and monitoring. NUPRC also facilitates stakeholder engagements and ensures compliance with the PIA.²⁰

- **Nigeria Midstream and Downstream Petroleum Regulatory Authority (NMDPRA)**

NMDPRA primarily regulates midstream and downstream operations. It ensures that companies operating in these segments adhere to community development obligations where applicable, especially in integrated operations, that is, areas where the different parts of the petroleum value chain and processes are unified to work more efficiently.²¹ The NMDPRA Regulations, as gazetted, mandate it to set up HCDTs for communities hosting midstream and downstream oil and gas companies.²²

- **National Boundary Commission (NBC)**

The NBC plays the traditional role it plays in other national contexts: delineating boundaries. With respect to the HCDT, the NBC assists in delineating host communities in offshore and littoral zones. It identifies and gazettes communities eligible for inclusion in HCDTs along Nigeria's shoreline up to 500 meters inland.²³

- **Settlers (Oil and gas companies operating in the upstream, midstream and downstream sectors)**

Settlers are mandated to:

- Identify and delineate host (particularly inland) communities.
- Facilitate community meetings to nominate trustees.
- Incorporate the Trusts with the Corporate Affairs Commission (CAC)
- Fund the Trusts annually with 3% of their previous year's OPEX.

²⁰NUPRC, *Ibid.*

²¹SDN. (2024). *Op. cit.*

²²Midstream Petroleum (Host Communities Development Trust) Regulations, 2024.

²³Federal Republic of Nigeria. (2021), *Op.cit.*

- Receive and submit community development plans and ensure project execution.
- Appoint respective Secretaries to the Trusts

Under PIA provisions, failure to incorporate an HCDT within the stipulated timeline may result in license revocation.

– **Host Communities**

Host communities, the main beneficiaries of the HCDT framework, are expected to actively participate in the nomination of trustees, development planning, and oversight of project implementation. This is to ensure that, beyond being mere participants, host communities are co-creators and implementers of development ideas that reflect community needs.



THE STATE OF IMPLEMENTATION: WHAT HAS ALREADY BEEN DONE

The implementation of HCDTs has been marked by slow compliance and operational delays. SDN's timeline tracking shows that a few Trusts were established one year after the PIA's enactment. It is important to note that Section 236 of the Act and Regulation 24(2) of the NUPHCDT Regulation 2022 require existing Settlers to complete the incorporation of their HCDTs within a year of the Act's entry into force. The PIA does not explicitly set a cap on the number of HCDTs that can be established. Instead, the Act requires each Settlor, with the approval of NUPRC, to incorporate HCDTs for the benefit of host communities in which they operate. NUPRC at a media workshop in July 2025 revealed that it had issued approvals for the full incorporation of 160 HCDTs by Settlers. Of this number, 146 had been incorporated with the CAC, while 21 were being processed. The Commission further stated that, out of the 146 fully incorporated HCDTs, over 102 had their accounts opened and funded, totalling ₦97 billion and \$149 million as of mid-2025.²⁴

TIMELINE & COMPLIANCE TRACKER



ACCOUNT OPENED & FUNDED



102+

HCDTs have their accounts opened and funded

TOTAL FUNDS DISBURSED AS OF MID-2025

₦97
BILLION



\$149
MILLION



²⁴Nairametrics (2025, July 10). NUPRC: Host community trusts receive ₦97 billion, \$149 million development fund across settlers.

PIA Requirement:



Section 236 of the Act and Regulation 24(2) of the NUPHCDT Regulation 2022 require existing Settlers to complete the incorporation of their HCDTs within a year of the Act's entry into force.

STATUS OF HCDT INCORPORATION (MID-2025)

160

HCDTs approved for full incorporation by Settlers



146

Fully incorporated with CAC

21

Still being processed

While the funds disbursed represent a substantial financial inflow to communities, stakeholders at the 2025 HCDT Executive Roundtable agreed that the tangible impact in communities has remained below expectations.²⁵ This disconnect between funding and outcomes has remained central to critiques of HCDT implementation. The outcome gap is amplified when viewed against expectations raised during the transition from the GMoU to the HCDT framework. Under GMoUs, communities were able to negotiate directly for small projects, however uneven in quality. The HCDTs, by contrast, promised predictable, legally mandated funding and more enduring development impacts. The fact that many communities see little improvement beyond previous CSR levels fuels disillusionment.²⁶

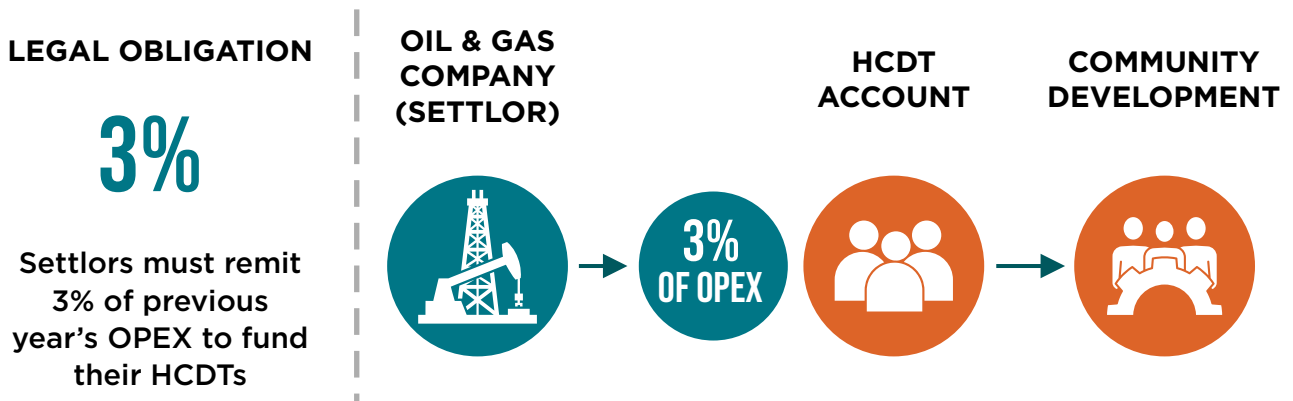
Observers have also expressed concerns over the opacity around HCDT funding flows. Although the settlers are legally required to remit 3% of their previous year's OPEX to fund their HCDTs, analysts have noted that communities often lack access to verifiable information on how much has been paid in, whether transfers were timely, and how funds are managed thereafter. A 2023 SDN report noted that “a large transparency and accountability gap” exists both in determining what is due and in verifying whether payments have been received.²⁷ Because oil companies rarely publish audited accounts that disaggregate OPEX and HCDT contributions, host communities often rely on second-hand figures or incomplete disclosures. This lack of clarity fosters suspicion and mistrust and risks eroding confidence in the model.

²⁵Guardian Nigeria. (2025, April 30). Over \$150m disbursed under HCDTs since PIA implementation.

²⁶Agunia, P. B. (2023). *Host Communities Development and Protection in the Nigerian Petroleum Industry: A Legal Appraisal*. Rivers State University..

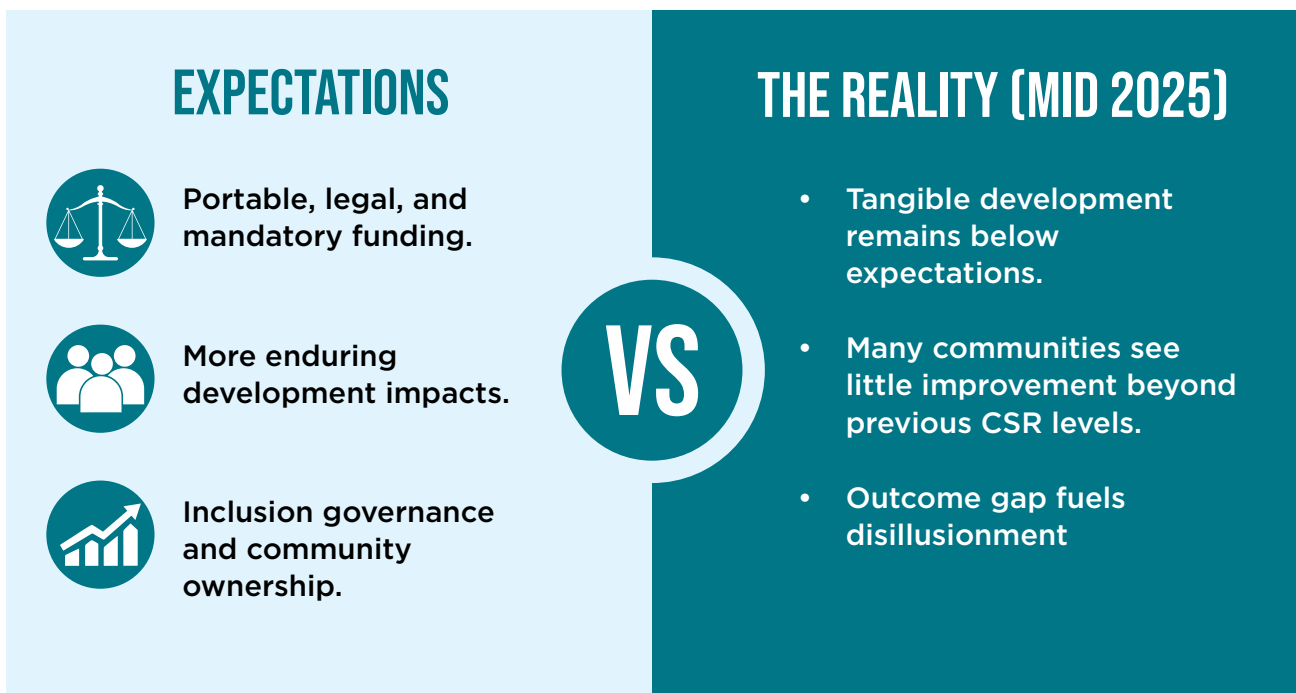
²⁷SDN. (2023). *Opportunities to improve the Host Community Development Trusts under Nigeria's Petroleum Industry Act*.

FUNDING AND FINANCIAL DISTRIBUTION



Another angle of the critique relates to how settlers calculate their OPEX obligations and how communities are clustered under particular HCDDTs. The 2023 SDN report also observed that there is no uniform definition of operating expenditure, creating opportunities for companies to exclude costs and thereby reduce their financial obligation. In addition, the discretion granted to companies to cluster communities tends to generate disputes, particularly in littoral areas where delineation remains incomplete. The result is an uneven distribution of benefits, where some communities are incorporated into functioning HCDDTs while others are sidelined or trapped in prolonged disputes.²⁸

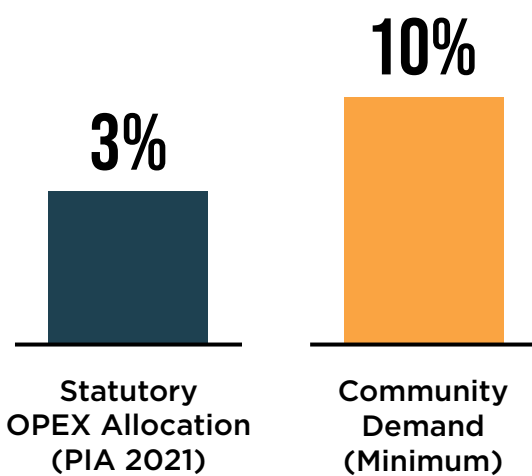
COMMUNITY IMPACT GAP: EXPECTATIONS VS REALITY



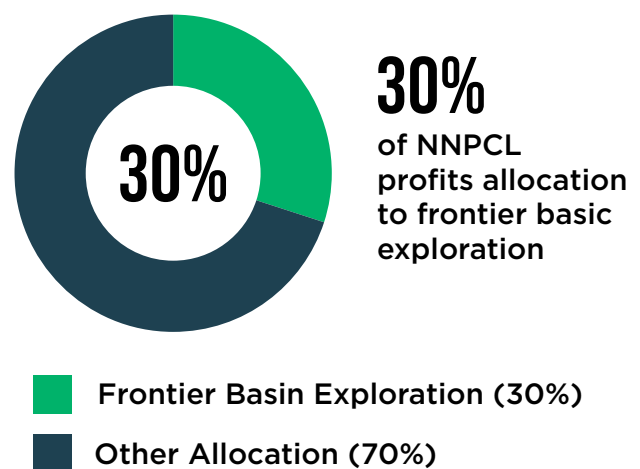
²⁸SDN. (2024). *Op. cit.*

It is important to emphasise that, despite the compliance challenges, especially regarding settlers' funding of HCDTs, civil society voices continue to argue that the statutory 3% OPEX allocation falls far short of the ideal, given the costs of environmental degradation and community underdevelopment largely due to oil exploitation. Before the passage of the Act, host community groups had clamoured for a minimum of 10%²⁹ of the OPEX. This call is further strengthened by the PIA's allocation of 30% of the Nigeria National Petroleum Company Limited (NNPCL) profits to frontier basin exploration. Critics argue that this imbalance reflects poor prioritisation, as it diverts critical resources from adversely affected oil-producing communities that most need support to speculative exploration ventures.³⁰

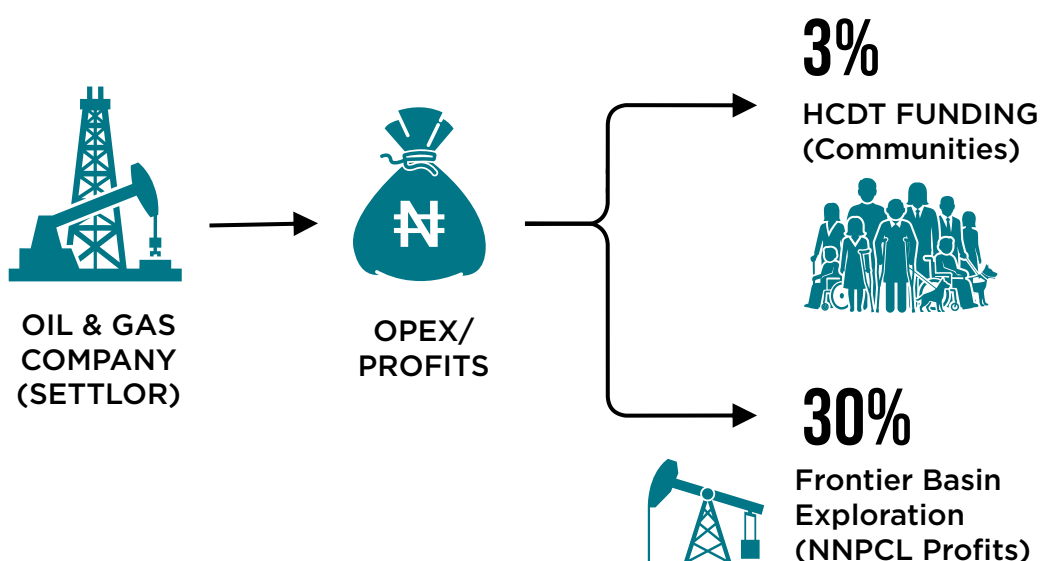
STATUTORY ALLOCATION VS COMMUNITY DEMAND



NNPCL PROFITS ALLOCATION



HOW FUNDS ARE SPLIT



²⁹<https://www.brookings.edu/articles/nigerias-petroleum-industry-act-addressing-old-problems-creating-new-ones/>

³⁰Borha, D. E. (2023). An examination of the Petroleum Industry Act 2021: Prospects, challenges, and the way forward. *F1000Research*, 12(551). 1-26.

Beyond funding issues, governance within HCDDTs themselves has also raised concerns. Anecdotal reports indicate that community preferences on BoTs and MCs are sometimes nominal, with settlors exerting heavy influence over appointments and decisions. Another claim is that political elites or powerful local leaders often capture key positions within the HCDDT structures, and by so doing, undermine inclusivity and reproduce patterns of exclusion suffered mostly by women, youth, persons with disabilities (PwDs) and marginalised littoral communities. Some have also suggested that capacity gaps compound these challenges. They speculate that many HCDDTs lack the administrative and technical know-how to design and deliver high-quality projects, manage funds transparently, or engage effectively with regulators and the communities they serve.

These challenges notwithstanding, it is evident that significant progress has been made from a regulatory standpoint, particularly in the approval of applications to incorporate Trusts and the issuance of regulatory guidelines by NUPRC. The Commission has played a central role in facilitating settlor engagement and providing operational templates to ease implementation of the HCDDTs. However, observers have highlighted areas where regulatory clarity and more action could be strengthened. For instance, while the PIA outlines sanctions, including fines and licence revocation for persistent non-compliance, these measures do not appear to be fully enforced in cases where settlors have failed to incorporate and/or fund their HCDDTs within the specified timeframe.

Also, ambiguities in the legal framework, such as the definition of 'host community', the scope of operating expenditure, and the mechanisms for dispute resolution, have been identified as areas that would benefit from regulatory and legislative review. In conclusion, though the HCDDT framework under the PIA 2021 represents a significant step forward in efforts to institutionalise host community development through a legally enforceable framework, current research and anecdotal evidence suggest that this aspiration remains only partially fulfilled. The Act has provided a clear statutory mandate, governance framework, and funding mechanism to foster trust, reduce conflict, and promote sustainable livelihoods in oil-producing areas. Despite a slow start, NUPRC data shows that 160 HCDDTs have been incorporated, and over 60 per cent of them have been funded and are operational. This suggests that unless settlors comply with the Act's mandates and communities are fully empowered to drive decision-making, the HCDDT framework faces a significant risk of becoming another failed measure.

DATA ANALYSIS: WHAT THE STUDY FOUND

HCDT ESTABLISHMENT AND IMPLEMENTATION

- **HCDTs Established**

A key legislative officer in the National Assembly, whose work intersects with the PIA and HCDTs, clarified that the number of Trusts a settlor must establish depends on the settlor's operational terrain and the number of host communities within that area. *“Once a settlor identifies its host communities based on assets like wellheads, it can determine how many Trusts are required”*, he said. The respondent put the number of incorporated HCDTs at about 150 as of 2023, and noted that more Trusts may have been established since then. In the respondent's words, *“As of May 1st, [2023], approximately 150 HCDTs had been incorporated”*. The respondent added that the NUPRC is the authority that can provide more up-to-date and accurate figures.

The most recent data obtained after this interview, from NUPRC's Host Community Development Compliance Reporting and Management Portal (HostComply), put the total number of incorporated Trusts across Nigeria at 160, as at May 2026. This is a significant leap from the numbers reported in mid-2025. The data also revealed that these HCDTs were incorporated by more than 100 settlers and have together funded more than 973 projects.³¹ As mentioned previously, there is no ceiling on the number of HCDTs to be established. Each settlor is required to incorporate as many Trusts as are necessary to cover all of their host communities.

Interviews with NUPRC and NMDPRA provided critical insights into the evolving implementation of HCDTs. The regulators' perspectives highlight both progress and bottlenecks. NUPRC confirmed that over 152³² [of] HCDTs have been successfully incorporated, while clarifying that there is no fixed cap on the number of Trusts to be established. The number, they explained, is determined by the operational areas covered by settlers. This reflects the framework's fluidity, as incorporation is expected to continue expanding in line with changes in operatorship and community delineations.

³¹See 'Host Community Development Compliance Reporting and Management Portal'..

³²Based on a KII in November 2025

The survey of 55 HCDTs in Abia, Akwa Ibom, Bayelsa, Delta, Rivers, and Ondo states indicates that approximately 4% were established in 2021, 14.5% in 2022, 47.3% in 2023, 25.5% in 2024, and 9.1% in 2025. The data from community members, BoT/MC/AC FGDs, and KIIs corroborated this finding, showing that the timeframe for HCDT establishment varied across states. Most respondents indicated that their Trusts were incorporated between late 2022 and mid-2023. In Delta State, for example, participants explained: *“The Trust was formally inaugurated on 24 May 2024. The BoT had already been registered with the CAC in 2023... After the inauguration, the MC was inaugurated on 10 June 2024, and the AC on 23 June 2024”*. However, incorporation did not immediately translate into operationalisation. As one participant put it: *“We opened the Trust’s bank account, but no projects have started. There are still logistical problems... The Settlor has not sent us a permanent secretary, which is required under the PIA”*.

This mirrors concerns raised in other communities where incorporation had been completed, but activities and projects had yet to begin. Respondents also confirmed that some settlers incorporate Trusts without making the required contributions. A government key informant corroborated this claim, saying *“Some settlers have incorporated the Trust but have not funded it”*. This is discussed in detail later in this section of the report.



- **An Uneven Transition**

The broad perception of the transition from the GMoU to the PIA has been uneven and poorly understood by many communities. Several participants across Rivers, Delta, and Akwa Ibom described the process as 'top-down' and said they were not adequately consulted before incorporation or nominations were completed. In Delta State, for instance, a respondent explained that decisions were made without any attempt to consult with communities. Similar accounts were given in other FGDs, where respondents said communities were informed only after decisions had already been made, leaving them unclear about the law's provisions and the Trusts' role.

- **Confusion over 3% OPEX**

The majority of respondents were concerned about the lack of clarity surrounding the 3% OPEX contribution. Communities consistently expressed uncertainty about whether funds had been paid, how much was due, and who was responsible for monitoring compliance. The HCDDT survey findings show that 60% of the 55 HCDDTs captured lacked full knowledge of their settlor's OPEX, while 40% reported full knowledge. However, a further probe showed that 65% of the HCDDTs who claimed to know their OPEX referred only to the quoted amount from their settlors, 27% neither obtained the information from a verified source nor from their settlors, and 7% claimed they self-calculated their OPEX. The data also reveal a high level of mistrust across all the states. As the findings further show, 13% of the HCDDTs had not yet received any funding from their settlor; 51% had received their 2021 funding; 76% had received their 2022 funding; 78% had received their 2023 funding; and 25% had received their 2024 funding.

Furthermore, 69% of the HCDDTs surveyed indicated they had received full payment from their settlor for all funded years, 29% received part payment for some funded years, and 2% received part payment from their settlor for all funded years. A participant in Delta State explained: *"We don't know how much has been paid into the Trust. We only hear that money is coming"*. Another respondent in Rivers State voiced similar frustration: *"We don't know the amount of money that is supposed to come to us"*. Some respondents accused settlors of using divestment or joint venture complexities to delay their obligations. A community representative in Delta State put it this way: *"They said the new company will take over, but we have not seen anything"*, a reference to how things suddenly went quiet with their HCDDT following a divestment.

We don't know how much has been paid into the Trust. We only hear that money is coming.

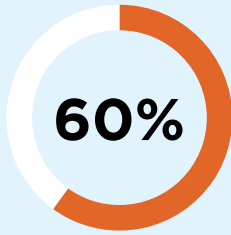
**- Participant,
Delta State**

We don't know the amount of money that is supposed to come to us.

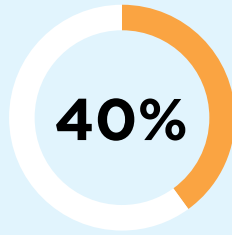
**- Respondent,
Rivers State**

HCDT SURVEY FINDINGS AT A GLANCE

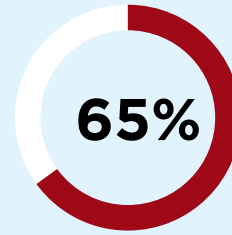
Knowledge of Settlor's Opex



Lack full knowledge



Reported full knowledge



of those who claimed to know referred only to the quoted amount from their settlers

Knowledge of Settlor's Opex



13% Have not yet received any funding



51% Received their 2021 funding



76% Received their 2022 funding



78% Received their 2023 funding



25% Received their 2024 funding

Payment Status for all Funded Years



69% Received full payment



29% Received part payment for some funded years



2% Received part payment for all funded years



- **Distribution Matrix**

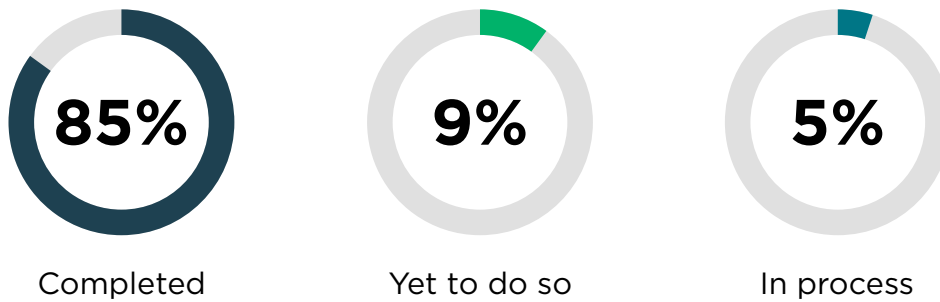
The survey findings show that in 76% of HCDDTs, the Trust's distribution matrix has been developed and shared by their settlor. In 20% of the HCDDTs, the distribution matrix has yet to be developed, while 4% are in the process of developing theirs. The data further show that the majority (74%) of the HCDDTs have experienced broad acceptance of their distribution matrix by all host communities under the Trust, while 26% have had their distribution matrix contested by either a few or a majority of those communities. For instance, some respondents in the FGDs held in Delta and Rivers States raised strong concerns about the distribution matrix, noting that it has deepened inequalities between different categories of host communities.

They explained that the Settlor distinguished sharply between *'facility-hosting'* communities, such as those with wellheads or processing plants, and *'pipeline-only'* or peripheral communities. As one respondent explained, *'Some communities felt the share was not right. We have facility hosts (plants, wellheads) versus pipeline-only communities; facilities earn higher. It took time to agree.* Others were more direct in their criticism: *"No, the distribution matrix is not fair enough to some host communities. The settlor is not transparent in the distribution matrix to the communities"*. Similar grievances were expressed in another FGD in Delta State, where respondents described the distribution matrix as both late in coming and substantively inequitable. According to respondents, *"the distribution matrix was sent in late by the Settlor; however, communities are not satisfied with it at all"*. They suggest that the previous distribution matrix used during the GMoU be adopted in the HCDDT. Another respondent thought the distribution formula is not fair to core host communities: *"Do you feel the Trust's distribution matrix is equitable/fair enough to core host communities? No..."*.

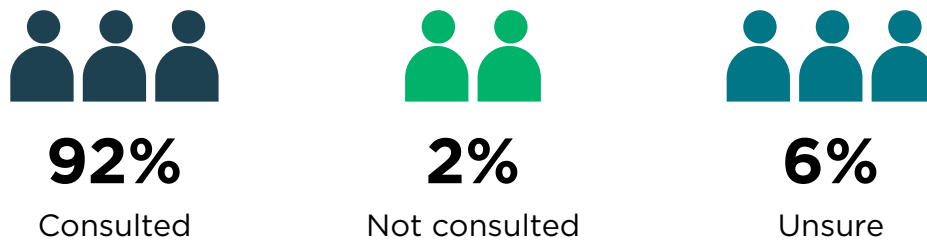
Such perceptions that the HCDDT framework privileges certain categories of communities over others, as the FGD discussions revealed, fuel resentment in those communities. However, settlers who apply this rule are only following the law. The Act prioritises financial benefits for host or core communities. As some analysts have argued, the intention is not to elevate some communities above others but to apply a framework that supports communities most directly impacted by petroleum operations.

- **Needs Assessment**

The survey findings show that 85% of the HCDTs have completed their needs assessment, 9% have yet to do so, and 5% are currently in the process of completing theirs.



The majority of HCDTs surveyed (92%) indicated that community leadership was consulted during the needs assessment, compared with 2% who said it was not and 6% who were unsure.



However, the dominant host communities' perception of the needs assessment conducted by the Settlers is overwhelmingly negative, characterised by deep-seated dissatisfaction. While there are recorded cases of smooth processes, the general sentiment is one of frustration, exclusion, and suspicion. In most cases, the respondents reported that the settlor-hired consultants used a predetermined template. It was mostly a box-ticking exercise, a mere formality conducted in compliance with the provisions of the PIA rather than a genuine effort to understand the communities' self-identified priorities. As noted during the FGD sessions, some settlers asked host community leaders to submit only 5 prioritised community needs, thereby disregarding the importance of proper needs assessment. The consequence has been that the needs assessments do not reflect the community's actual needs.

Furthermore, the needs assessments conducted by the various settlers of the research-captured HCDTs reflect gender blindness. The findings show that in 82% of HCDTs, women and persons with disabilities are mere attendees in the needs assessment town hall meetings. Their needs were not captured or in the needs assessment. Only 4% of HCDTs reported that women and PwDs were consulted separately to capture their needs, while 12% reported that neither were consulted during the needs assessment.

- **Community Development Plan (CDP)**

The PIA requires Trusts to create a development plan based on a needs assessment. The analysis reveals that 79% of the Host Community Development Trusts (HCDTs) surveyed have completed their development plans, which have been approved by the NUPRC. Additionally, 6% are in the process of obtaining approval from the regulator, while 9% indicated that their development plans have not yet been produced by their settlors. The findings indicate a lack of proactive, widespread dissemination of these plans to the leadership and members of the host community through accessible channels, such as town hall meetings and community notice boards.

Although most HCDTs have finalised and received approval for their development plans from the NUPRC, a significant majority (73%) have not shared their plans with their communities. Only 27% of HCDTs have made their Community Development Plans (CDPs) available to the public. Overall, feedback from Focus Group Discussions (FGDs), Key Informant Interviews (KII), and surveys indicates that host communities feel excluded and lack meaningful access to the development plans. There is a strong sentiment among community leaders and members that the Boards of Trustees (BoTs), in collaboration with the settlors, are intentionally keeping them uninformed about the development projects outlined in their CDPs that are intended to benefit the community. This sentiment may help explain why survey findings indicate that only 18.7% of HCDT projects focus on human capital development, while 81.3% focus on infrastructure projects.

- **Strengthen Regulatory Oversight**

Respondents across the community FGDs expressed a strong desire for more regulatory visits to ensure HCDT managers are keeping to the dictates of the PIA and living up to community expectations. While no participants in the study reported being aware of such regulatory visits to their HCDTs, available data indicate that NUPRC conducts community-level verification as part of its oversight of the HCDT process. Though much of its monitoring is conducted through digital means (HostComply) to gather information, report on HCDT implementation, and promote transparency and accountability,³³ the Commission conducts on-the-ground engagements and sensitisation events to assess implementation and support for stakeholders.

Information accessible on NUPRC's website indicates that, as of October 2025, the Commission, through its oversight work, had overseen the successful completion of no fewer than 536 community projects funded through the HCDT framework.³⁴ This indicates the active tracking of on-ground activities. It demonstrates that while digital tools are the primary means of monitoring, physical verification at the community level is part of NUPRC's broader regulatory strategy. Extending this monitoring to all Trusts, as the community FGD data suggest, would ensure that HCDTs remain focused on their primary purpose: promoting host community development.

³³MediaTracnet. (2023, May 11). **Host Communities Development Trust: NUPRC automates reporting, monitoring platform.**

³⁴ NUPRC. (2025, October 13). **Host Community Fund rises to N373bn as NUPRC oversees 536 projects.**

Respondents also highlighted structural ambiguities in the PIA itself. For example, some HCDT officials complained about the lack of a transparent system to verify the 3% OPEX calculation. *“Awareness and verification of the 3% OPEX is almost impossible... they often revert to using informal means of verification, which in itself has been very difficult”*, a respondent said during an FGD. Others expressed frustration that there are no clear consequences for non-payment, leaving communities without leverage to compel compliance. This represents a major community concern with the HCDT implementation.

HCDT GOVERNANCE AND HOST COMMUNITIES

Though the design of the HCDT is intended to reflect and elevate community interests, the findings point to a governance landscape marked by settlor dominance, elite capture, and a sense of exclusion among many community members.

- **Settlor Prominence, Distrust and Rising Tension**

Across multiple KIIs and FGDs, respondents described the Trustee nomination process as non-transparent and sometimes influenced by settlers or local elites. Several community representatives reported that they were not consulted before BoT members were selected. In Bayelsa State, for example, one participant explained: *“The selection wasn’t fair. Later, we worked together with those selected, but the process wasn’t good at all”*. A participant observed: *“The efforts of the HCDT are being frustrated by the Settlor”*.

The role of the HCDT secretary emerged as a central concern. Respondents expressed deep concerns that the secretary, appointed directly by the Settlor, often holds disproportionate influence. A government official during a KII said, *“The Settlor appoints the secretary, who serves as the operational hub of the Trust. In some cases, one individual serves as secretary for multiple HCDTs”*. This arrangement was widely viewed as undermining the autonomy of the BoT and MC and placing settlers in a supervisory role, contrary to the spirit of community ownership envisioned in the Act, and hence as one of the major factors responsible for the inefficient implementation of the HCDTs.

- **Elite Capture and Capacity Concerns**

The composition of the BoT, MC, and AC drew criticism from many respondents who described these bodies as dominated by local elites and individuals with close ties to community power structures. In Delta State, participants complained that strict criteria for nomination limited inclusion, especially for women and persons with disabilities. This observation is based on the fact that, having been denied equal access to opportunities, including education over the years, women and PwDs are more likely to be less qualified when the qualification bar is raised too high. A participant expressed this worry regarding qualification for specific roles in HCDTs: *“The qualification criteria...require an accountant who has practised for 10 years, or a lawyer with 10 years’ experience. Very few women in the communities meet such criteria”*.

Others noted that communities sometimes nominated individuals based on influence rather than competence. Concerns about the capacity of nominees were, therefore, widespread. Many BoT and MC members themselves admitted they had a limited understanding of their roles due to a lack of training or orientation. One HCDDT official acknowledged: *'We don't know our roles very well. We need training.* The request for training and orientation reflects HCDDT managers' inadequate understanding of community entitlements under the framework. Capacity development training, whether for community members or HCDDT officials, is a legitimate request that can be included in the CDPs. Another explained that meetings and decision-making were hampered because *"the Settlor has not sent us a permanent secretary... there is no regular personnel from the Settlor"*. Respondents strongly noted that these capacity gaps have contributed to delays in project implementation and confusion about financial procedures.

- **Leadership and Accountability**

The data also reveal a disconnect between HCDDT leadership and community members. Respondents frequently described BoT and MC members as distant and inaccessible, providing limited feedback after decisions were made. In Delta State, participants said: *"There is no consultation for feedback"*. The experience was similar in Bayelsa State, where respondents complained that they had not been consulted for recent needs assessments: *'...in the last two years, nothing. No sitting with us to say: "This is what the community needs"*

This sentiment was widespread in the community FGDs and points to a major community concern with the implementation of the HCDDTs. Many community participants accused HCDDT officials of aligning with settlers rather than with the people. They hinged their argument on the tendency of HCDDT officials to act on what always seems to be the instructions of settlers. HCDDT officials, however, disagreed with this view, claiming they have continued to make efforts to stay connected with their communities and to prioritise the needs and well-being of the people.

Another recurring theme was the absence of mechanisms for accountability or leadership renewal. Respondents claimed that once appointed, BoT and MC members were said to remain in place without clear information about their term limits. Respondents worried that this could create conditions for entrenched interests to hold power even when they fail to meet community expectations. While this concern is noteworthy, it is important to clarify that members of the BoT and MC are appointed for an initial term of four years, with the possibility of reappointment for an additional four years, for a total allowable tenure of up to eight years. This is clearly spelt out in the PIA. Given that it has been four years since the enactment of the Act, most HCDDT officials' tenures are expected to be coming to an end.

However, where a BoT is inaugurated but does not receive funding, for say, two years, as has been the case in some HCDDTs, questions may arise regarding the commencement of its tenure. It is important for the regulators to clarify whether the four-year term begins from

the date of inauguration, regardless of funding delays, or whether tenure should be counted only after all foundational processes, such as the inauguration of the MC and AC, disbursement of funds, and approval of the CDP, have been completed.



**OUR COMMUNITY
OUR DEVELOPMENT
OUR FUTURE**

INCLUSION. EQUITY. JUSTICE

TOGETHER FOR A SUSTAINABLE NIGER DELTA



**HCDT
FACILITATOR**

**COMMUNITY
LIAISON OFFICER**

**HCDT
COMMUNITY
REPRESENTATIVE**

- **Women's Exclusion**

Beyond the general perception of non-inclusion of communities, respondents expressed particular dissatisfaction with poor gender and social inclusion. A huge majority of community respondents and a sizable number of HCDT managers agreed during the KIIs and FGDs that women, youth, and PwDs are disproportionately included in governance, project planning, and decision-making processes. The exclusion, some respondents emphasised, is not incidental but structural, cultural, and even deliberate, enabled by the absence of explicit legal mandates within the PIA. Survey findings reveal that women remain significantly underrepresented across the governance structures of the 55 HCDTs. Women constitute only 14.5% of BoT members, 9.4% of MC members, and 22.5% of AC members.

Women's representation in HCDT governance was described as minimal or tokenistic during the FGDs. Many respondents claimed that women were not considered during the selection of BoT members and were absent from MCs and ACs. Participants claimed that *"only one woman was appointed to the Board of Trustees". There is no woman in the Management and Advisory Committees.* As one female participant explained: *"Women are part of the world... but they underrate us"*. It was mentioned that in some Delta State communities, women were nominated to some structures. However, that did not translate to adequate attention to women's general priorities.

A woman described how, under the GMoU, when resources were allocated towards projects benefiting women, the funding was disproportionately small: *"During the GMoU era, after legal struggle and protest, we finally got a small women's fund. It was ₦843,000 across three communities over five years—very small. Later, the money disappeared"*. She argued that this experience has remained unchanged even under the HCDT model.

A few examples of inclusion were reported. For example, respondents from Akwa Ibom State reported that women usually participate in consultations and have requested projects such as markets and training programmes, which were included in the Development Plan. However, the central arguments in most FGDs were that such instances were exceptions rather than the rule.

WOMEN'S REPRESENTATION IN HCDDT GOVERNANCE (55 HCDDTs)



BOARD OF TRUSTEES (BoT)



14.5%
of BoT members are women



MANAGEMENT COMMITTEES (MC)



9.4%
of MC members are women



ADVISORY COMMITTEES (AC)



22.5%
of AC members are women



- **Youth Marginalisation**

Youth respondents raised similar concerns about exclusion. While the PIA mandates host community inclusion in broad terms, as with women's inclusion, it does not explicitly require youth representation. Many young people reported feeling disconnected from the Trusts and disillusioned with their governance. A youth leader in Bayelsa State had the following to say: *"I've been president for 1 year, 8 months... No chief has worked with me. We're not included when picking projects"*. Others said that youth were often mobilised for meetings or labour but excluded from actual decision-making. *Youth is not valued.*

I've been president for 1 year, 8 months... No chief has worked with me. We're not included when picking projects.

**- Youth Leader,
Bayelsa State**

This sense of marginalisation was echoed in other communities. In Delta State, although the BoT included some younger members, participants agreed that most positions went to older elites, leaving youth largely voiceless in the HCDT's governance.

- **Exclusion of Persons with Disabilities**

Social inclusion within the governance structure of HCDTs appears to be significantly limited, particularly regarding the representation of PwDs. Findings from the survey reveal that across the 55 Trusts examined, PwDs account for 0% representation in the BoTs, 0.3% in the MCs, and 0.4% in the AC. Disaggregated data show that Akwa Ibom and Delta States recorded PwD representation of 2% and 0.3% at the MC level, respectively, while all other states reported 0%. Similarly, Bayelsa and Delta States had 0.7% and 0.3% PwD representation at the AC level, with no representation reported in other states.

The HCDTs did not consider PwDs... PwDs were not nominated to the leadership bodies.

**- Respondents in an FGD,
Delta State**

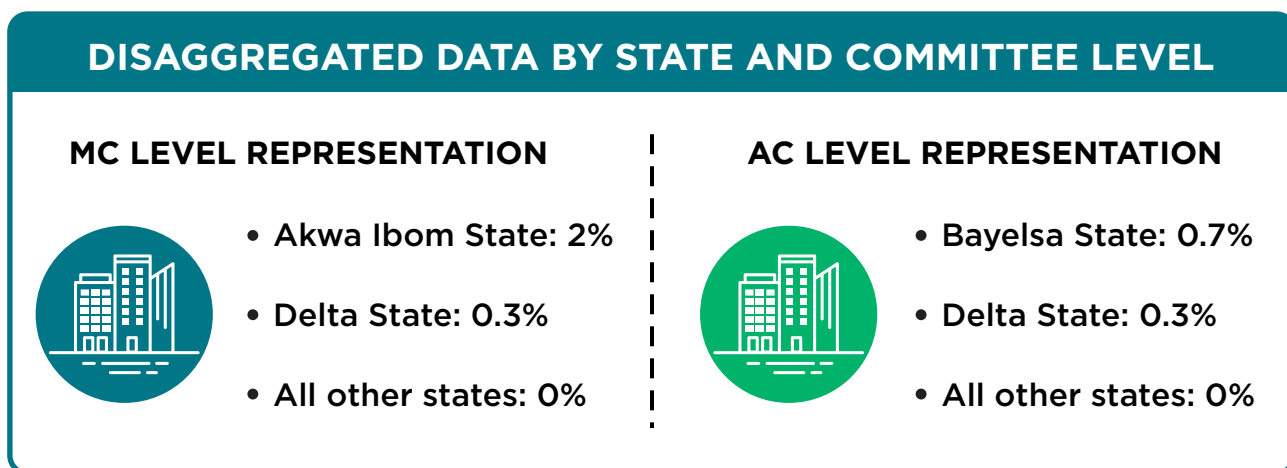
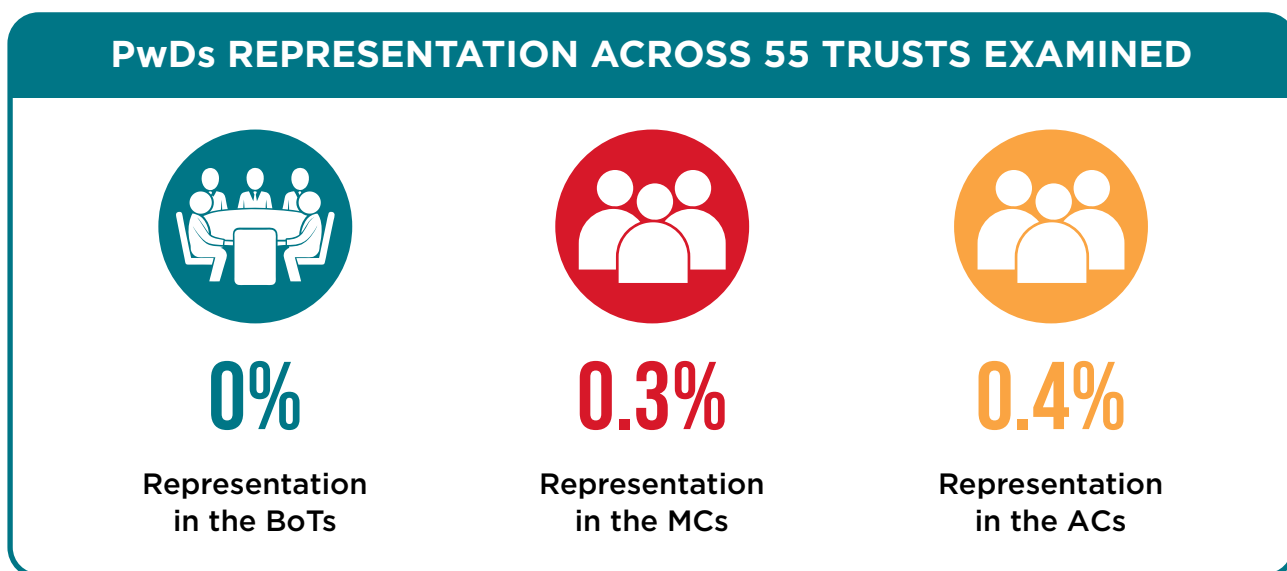
PwDs are few... If a community had many PwDs, they would likely target them more deliberately.

- HCDT official

The exclusion of persons with disabilities emerged as an almost universal pattern. Across all community KIIs and FGDs, there was no evidence of PwD representation in BoTs, MCs, or ACs. When asked directly, many respondents admitted that disability was not taken into account. In one FGD conducted in Delta State, participants acknowledged: *"No person with disability was included"*. A similar observation was made by respondents in another FGD in Delta State:

“The HCDTs did not consider PwDs... PwDs were not nominated to the leadership bodies”. Even in needs assessments, disability was rarely addressed. One HCDT official explained that in his community, *“PwDs are few... If a community had many PwDs, they would likely target them more deliberately”.* Some observed that this reflects a wider societal tendency to neglect PwDs rather than see them as stakeholders entitled to opportunities, given their special circumstances.

The primary barrier to PwD inclusion, particularly in the MC and AC, appears to stem from the nomination and selection criteria used in forming these governance bodies. In most cases, host communities were asked to nominate a single representative for each committee, a process that inadvertently narrowed opportunities for intersectional representation, including for PwDs. At the BoT level, even in instances where producing host communities were allocated more than one slot, none were extended to individuals with disabilities.



IMPACT ON COMMUNITY DEVELOPMENT

Respondents shared their opinions on the impact of the HCDDTs on the development of their communities. The data indicates that the impact has been mixed and, in many cases, limited.

- **Expectations and Grievances**

In several states, the formal registration of HCDDTs has not translated into timely development outcomes. Respondents complained that although Trusts had been incorporated, projects had not commenced. Communities reported frustration with the slow pace of accessing funds. For example, a community respondent in Delta State noted: *“There are currently no projects being implemented by the HCDDT because the HCDDT has yet to access funds”*. Similarly, another community participant said, *‘There are currently no projects being implemented by the HCDDT... The Settlor paid some amount of money into the accounts, but those amounts remain unclear*. This sense of betrayal has been sharpened by comparisons with the GMoU era. A BoT member recalled: *“Under SPDC’s GMoU, there was a readily available consultant... No year passed without projects. Now we rarely see consultants; delays are pervasive”*.

Instead of delivering a fresh model of partnership, the HCDDTs seem to have, in many cases, revived longstanding grievances. Community members frequently noted that needs assessments had been conducted superficially or not at all, leading to projects that did not reflect actual priorities. As one participant in Bayelsa put it: *“Before, they would visit. The community would list needs—light, water—everything noted. But now, in the last two years, nothing. No sitting with us to say: This is what the community needs”* Respondents also alleged that projects were often chosen for the ease with which elites could profit from them, particularly road contracts. As one explained: *“A ₦40m project ends up with maybe ₦15m spent; the rest becomes private benefits. That’s why everyone wants road contracts”*. The general position was that such practices have weakened confidence in the Trusts as genuine community development institutions.

Scholarship programmes, considered one of the most direct benefits of oil company contributions to host communities, were described as inconsistent or politicised under the HCDDT framework. Where scholarships were awarded, respondents alleged favouritism, with awards going to elite families rather than being distributed transparently.

Where resources have been promised, their distribution has often provoked contestation between producing and non-producing communities. FGD participants in Delta State argued that rental rates and land leases had been manipulated by the Settlor, resulting in some communities receiving far less financial benefit than others. They complained that the new distribution matrix was opaque and unfair, urging a return to the earlier GMoU distribution model. The data suggests that if these grievances endure, the HCDDTs could exacerbate tensions between communities.

LEVEL OF SATISFACTION WITH HCDT PROCESS

A set of key survey questions gauged the 55 HCDTs' satisfaction with the implementation of the Trusts, with particular regard to settlor performance, settlor-community relationship, and NUPRC regulatory oversight.

On settlor performance, the responses reveal the following:

- 42% expressed satisfaction with settlor performance (11% highly satisfied; 31% satisfied).
- 31% expressed dissatisfaction (13% highly dissatisfied; 18% dissatisfied).
- 27% expressed slight satisfaction, suggesting room for improvement in Settlor engagement and responsiveness.

With respect to perceived impact on settlor-community relationships:

- 22% of HCDTs believe Settlor actions have significantly improved relationships with host communities.
- 45% reported slight improvement.
- 13% believe Settlor actions have worsened relationships, while 16% observed no change, despite ongoing HCDT engagements.

On NUPRC regulatory oversight and dispute resolution efforts:

- 35% of respondents expressed satisfaction with NUPRC's performance (7% highly satisfied; 27% satisfied).
- 29% reported dissatisfaction (4% highly dissatisfied; 25% dissatisfied).
- 36% indicated slight satisfaction, pointing to a need for more proactive regulatory engagement.

Regarding NUPRC's contribution to settlor-community relations:

- 22% of HCDTs believe NUPRC has significantly improved relationships.
- 47% reported slight improvement.
- 4% believe relationships have worsened, and 25% observed no change, indicating that regulatory interventions have not yet translated into consistent relational outcomes across all Trusts.

Overall, while a proportion of Trusts report satisfaction and incremental improvements in Settlor-community relations, a significant share remains either dissatisfied or only marginally engaged. Similarly, while NUPRC's regulatory role is acknowledged by some as contributing positively to dispute resolution and relationship-building, many respondents perceive its impact as limited or stagnant. These mixed perceptions may be interpreted as an opportunity for more consistent enforcement, inclusive engagement strategies, and clearer communication pathways to strengthen the framework.

REGULATOR'S PERSPECTIVE

NUPRC acknowledged that implementation has been dogged by disputes and resistance. Litigation, petitions, and disagreements over which communities qualify as host communities remain common. 'Continuous petitions and court cases' were described as a recurring challenge, alongside settlor delays in remitting the mandatory 3% OPEX, a concern that host communities and HCDT operators emphasised. NUPRC further noted that legacy disputes, that is, inter- and intra-community disputes, as well as disputes between communities and Settlers, compound these challenges, while capacity gaps within Trust governance structures limit effectiveness.

To address these challenges, NUPRC said it has pursued process streamlining and digitalisation. The Commission noted that it has issued an HCDT Implementation Template and developed the *HostComply* portal to manage applications, approvals, remittances, and reporting. 'Real-time monitoring via HostComply' was highlighted as a key innovation, complemented by inspections, audits, and project verifications. Stakeholder engagement has also been central, with workshops and sensitisation sessions conducted across oil-producing communities to deepen awareness of the PIA's host-community provisions. On transparency, NUPRC emphasised that Settlers are mandated to submit audited accounts and supporting documentation, with data made accessible through HostComply. Sanctions, including penalties and escalations, are applied for incomplete or inaccurate disclosures. However, the Commission conceded that disclosure remains regulator-facing, meaning communities often still lack visibility into OPEX calculations and inflows, reinforcing perceptions of opacity.

On inclusion, NUPRC acknowledged that while there is no statutory requirement mandating minimum representation for women or PwDs, "*Settlers and host communities should be encouraged to include them in the Board of Trustees, Management Committee, and Advisory Committee*". The Commission has promoted capacity-building workshops and inclusive needs assessments to ensure that diverse perspectives are considered. Looking ahead, NUPRC identified several provisions omitted from the Principal Regulation that merit inclusion in future revisions. These include mandatory town halls and publication of performance reports in local languages, public posting of project proposals and tenders, prohibiting trustees from serving on more than one trust at a time, and instituting a code of conduct for BoT chairs and members.

In contrast, the interview with the NMDPRA highlights a slower pace of implementation in the midstream and downstream sectors. The Authority reported that, as of now, no Host Community Development Trust (HCDT) have been established within their area of oversight, although preparatory steps are underway. They have begun sensitising sector players and have nominated Board of Trustees (BoT) chairpersons. A portal has been developed to facilitate the electronic onboarding of Settlers, likewise significant progress to ensure the incorporation of HCDTs by the Corporate Affairs Commission (CAC)

Regarding transparency, the NMDPRA explained that while it will verify Settlers' payments to communities, it cannot compel Settlers to disclose operational expenditure (OPEX)

details to the public or even to the BoT, citing the sensitivity of this information. Additionally, the distribution matrix is the responsibility of the Settlers, and the Authority cannot insist on co-development with HCDTs. This situation highlights a regulatory gap that may perpetuate community mistrust. Concerning inclusion, the NMDPRA acknowledged that needs assessments have not yet been conducted but pledged to ensure that future Community Development Plans (CDPs) are inclusive, aligned with Sustainable Development Goals (SDGs), and incorporate sustainability plans.

Regarding littoral delineation, the Authority reported that it currently has no littoral communities within its purview. Furthermore, compliance mechanisms are not yet operational, since no HCDTs have been formally established. The interviews with the regulators reveal a two-speed implementation process. Progress is evident in the upstream sector, with 160 incorporations and functioning digital oversight mechanisms, despite ongoing disputes, opacity, and exclusion. In contrast, midstream and downstream implementation remains in a preparatory stage, hindered by administrative bottlenecks and unresolved funding delays. Both regulators recognise the need for stronger inclusion, transparency, and governance safeguards, but their approaches differ in scope and immediacy. The NUPRC emphasises digitalisation, disclosure, and public participation, while the NMDPRA takes a more cautious stance on OPEX transparency and relies on Settlers to drive distribution matrices. These differences underscore the unevenness of HCDT implementation across the petroleum value chain and highlight the importance of harmonising regulatory practices to ensure that host communities receive the benefits envisioned under the Petroleum Industry Act (PIA).



THE SILVER LINING

The dominant sentiment within the communities regarding the HCDTs is one of frustration, stemming from issues such as delays in incorporation and funding, non-adherence to gender and social inclusion standards, elite capture, and excessive control by the Settlor. However, the data also reveals some positive aspects of the HCDT framework.

First, the introduction of the HCDT model in the PIA 2021 opens up broader developmental opportunities for host communities. For the first time in Nigeria's petroleum legislation, these communities are legally entitled to a share of the proceeds from oil exploration. As a government official noted, *'this change is 'monumental' because it establishes a statutory right where previously benefits depended on corporate goodwill'*. This legal framework provides communities with a stronger platform to demand accountability.

Secondly, despite initial delays, some basic institutional structures are now established in several Oil Mining Leases (OMLs) across parts of the Niger Delta, as well as in Abuja and Anambra. This framework enables the channelling of future development projects, even if the disbursement of funds has been delayed.

Thirdly, there are examples of positive inclusion and small-scale benefits linked to the HCDT. In Akwa Ibom, women reported that their priorities, such as markets and training, were incorporated into needs assessments.

In Bayelsa State, a women's group described using modest funds received to initiate income-generating activities, leading one leader to remark, "Honestly, maybe we should let women lead more. They manage the little they get very well." Although these cases are limited, they demonstrate that when resources are fairly distributed, marginalised groups can achieve tangible results.

Fourthly, HCDT officials have shown a willingness to learn and improve. Some officials openly acknowledged their lack of understanding of their roles, expressing a need for capacity-building support. This recognition of existing capacity gaps indicates a desire to enhance their skills and better serve their communities.

Lastly, the establishment of HCDTs has fostered cohesion among leaders from different communities in a few clusters. A member of the Board of Trustees (BoT) expressed that their greatest achievement has been "cohesion," noting that Board of Trustees, Management Committee, and Advisory Committee members now know one another and share a common purpose. This aspect highlights that HCDTs can serve not only as vehicles for project delivery but also as platforms for building solidarity across communities—an important silver lining given the history of inter-communal conflicts in the Niger Delta. Finally, communities have expressed a desire for reform.

Respondents advocate the introduction of gender quotas, transparent calculation of operational expenditures, stronger oversight by the NUPRC, and clear mechanisms for

direct accountability. Some women indicated that the GMoU model provided relatively fair representation for women and that further reforms to the Act could enhance gender inclusion in HCDT implementation. A woman made this observation, *“It would help if settlers or the PIA specified quotas. Under Shell’s GMoU... of 3 reps per community, one must be a woman. That created balance”*. Another respondent similarly recommended: *‘The PIA should set gender quotas’*. The prevailing sentiment indicates that inclusion should be institutionalised rather than left to the discretion of settlers or HCDT managers. This inclination towards reform highlights that communities appreciate the value of the framework but seek modifications that would enhance its practical application.

‘It would help if settlers or the PIA specified quotas. Under Shell’s GMoU... of 3 reps per community, one must be a woman. That created balance.’
- Respondent

‘The PIA should set gender quotas’.
- Respondent





CONCLUSION

Almost five years after the enactment of the PIA, HCDTs remain a work in progress. This study has shown that while incorporation has advanced significantly in the upstream sector, with 160 Trusts established, operationalisation has lagged. A sizable number of Trusts remain inactive, funding flows are opaque, and disputes over community eligibility and benefit-sharing persist. In the midstream and downstream sectors, implementation has yet to begin in earnest though the NMDPRA has just launched its online monitoring portal. This unevenness reflects a dual rollout that risks undermining the statutory promise of predictable community development.

The perspectives of regulators reinforce the central findings of this report. NUPRC has introduced digital oversight through the *HostComply* portal, mandated audited disclosures, and emphasised inclusion through capacity-building and needs assessments. However, as the Commission itself conceded, disclosure remains regulator-facing, leaving communities without direct access to information on OPEX contributions. NMDPRA's cautious stance on transparency and its reliance on settlors to drive distribution matrices reflects a different approach. Both regulators recognise the importance of inclusion, but the absence of statutory quotas for women and persons with disabilities continues to limit representation in governance structures.

The evidence gathered points to a fundamental tension: statutory incorporation and funding obligations have created formal structures, but the lived experience of communities remains marked by exclusion, mistrust, and limited tangible outcomes. Bridging this gap requires stronger enforcement, greater transparency, and deeper inclusion. Regulators must move beyond compliance monitoring to embrace public-facing accountability, while settlors must publish contributions and distribution matrices in accessible formats. Communities, in turn, must hold leaders accountable through town halls and oversight mechanisms, and civil society must continue to act as watchdogs.

Ultimately, the HCDT framework represents a historic opportunity to transform the relationship between oil companies and host communities from one of compensation to one of co-created development. Realising this promise will depend on harmonising regulatory practices across the value chain, embedding inclusion at every level of

governance, and ensuring that statutory obligations translate into visible, equitable benefits. Without these measures, the HCDTs risk becoming another layer of bureaucracy rather than the transformative mechanism envisioned in the PIA. With them, however, they can become a cornerstone of trust, accountability, and sustainable development in the Niger Delta.





POLICY & PRACTICE RECOMMENDATIONS

The study makes the following recommendations for the key stakeholders in the HCDT framework:

- **For Regulators (NUPRC, NMDPRA)**
 - Ensure settlor compliance with clear sanctions for late or incomplete payments.
 - Standardise OPEX calculation and publish what each settlor owes and pays.
 - Ensure that the National Boundary Commission fast-tracks the identification and delineation of littoral communities.
 - Mandate minimum inclusion quotas for women, youth, and persons with disabilities in HCDT governance structures, and extend this requirement to dedicated budgetary allocations for projects targeting marginalised groups. This provision can be operationalised through the proposed amendment of the Nigeria Upstream Petroleum Host Communities Development Regulation.
 - Introduce a clear provision outlining the procedure for recalling HCDT officials in instances where host communities seek a change in leadership prior to the expiration of the officials' tenure.
 - Increase on-the-ground presence with routine inspections and public reporting.
- **For Settlers (Oil Companies Settlers)**
 - Publish details 3% OPEX contributions, arrears, and distribution matrices.
 - Ensure HCDT obligations are transferred in divestment handovers.
 - Roll back the extent of involvement and control over HCDT structures.
 - Respect inclusive nominations and invest in training for BoT/MC/AC members.
- **For HCDT Officials**
 - Lead with transparency: Publish financial inflows, budgets, and contract awards in accessible formats for community members.
 - Strengthen inclusivity: Create space for women, youth, and PwD representatives in BoT/MC/AC deliberations and sub-committees.
 - Improve planning and delivery: Conduct open consultations, prioritise projects based on documented community needs.

- **For Communities**

- Hold leaders accountable: Demand that BoT and MC members respect term limits, declare conflicts of interest, and report back regularly through town-hall meetings and public notice boards.
- Push for inclusion: Ensure women, youth, and persons with disabilities are nominated for HCDDT leadership positions and actively participate in decision-making.
- Stay engaged in planning: Actively participate in the development of the Community Development Plan by ensuring inclusive engagement in the needs assessment process and prioritising human capital development initiatives that generate long-term socio-economic benefits. They should also seek review (validation) of the needs assessment outcomes before a final copy is sent to the NUPRC for approval. Additionally, they should also play an active role in tracking project implementation and procurement processes, while utilising local monitoring mechanisms to ensure that projects remain aligned with community priorities and development needs.

- **For Civil Society Organisations**

- Serve as HCDDT watchdogs: monitor payments, projects, and progress with inclusion, and publish findings.
- Support communities with paralegal advice and grievance resolution.
- Build coalitions to push for reforms on transparency, quotas, and fairer distribution in the HCDDT framework.

The logo for Stakeholder Democracy Network (SDN) features the letters 'SDN' in white, bold, sans-serif font, centered within a red square. The square has a slight 3D effect with a shadow on the right side.

SDN

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Our vision is a peaceful prosperous and pollution-free Niger Delta. Our mission is to support the efforts of those affected by the extractive industries and weak governance. We stand alongside citizens, to deploy expert and innovative solutions for sustainable and inclusive development.



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