Practical Approaches for the Effective Implementation of the Host Community Development Trusts (HCDT)

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SDN supports those affected by the extractives industry and weak governance. We work with communities and engage with governments, companies and other stakeholders to ensure the promotion and protection of human rights, including the right to a healthy environment. Our work currently focuses on the Niger Delta.

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ABBREVIATIONS AND KEY TERMS

GMoU - Global Memorandum of Understanding

HCDT - Host Communities Development Trust

NDDC - Niger Delta Development Commission

NEITI - Nigeria Extractive Industries Transparency Initiative

NNPC - Nigeria National Petroleum Corporation (but now Nigeria National Petroleum Company Ltd).

NUPRC - Nigeria Upstream Petroleum Regulatory Commission

OMPADEC - Oil Mineral Areas Development Commission

PIA - Petroleum Industry Act (2021)

Regulator - In this case, the NUPRC

Settlor - The oil and gas company operating in an area

SDN - Stakeholder Democracy Network

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INTRODUCTION

This Handbook outlines practical approaches to implement the Host Community Development Trust (HCDT) section of the Petroleum Industry Act (PIA), so that all stakeholders shall benefit from it, and any negative impacts can be mitigated.

The Handbook would be a useful resource for all stakeholders involved in establishing and running the HCDTs: Members of communities, members of the HCDTs, oil and gas companies, civil society organisations (CSOs), and the Federal Government of Nigeria (FGN).

The Handbook was designed by a working group comprising representatives of oil and gas companies, communities, government, and civil society organisations, in a participatory process that was facilitated by SDN. It is therefore informed by stakeholders with a deep understanding of the legislation, and first-hand experience establishing HCDTs. It aims to provide additional information and support in areas where stakeholders identified that the legislation and associated regulations currently fall short.

This Handbook is not a critique of the PIA, of how government or oil and gas companies manage revenue and community development in Nigeria, nor of how host communities have conducted themselves in their relationship with the oil companies. It does not express value judgements on the desirability or otherwise of the PIA, and instead, acknowledges that the new law took decades to pass, and must now be worked with.

The Handbook is structured as follows:

SECTION ONE: UNDERSTANDING THE PIA AND HCDTS

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1.2 A break-down of the key provisions in the PIA and HCDT regulations

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THE WORKING GROUP

SDN facilitated the Host Community Development Trust Working Group ('the Working Group'), which aimed to share guiding principles, strategies and best practices that all stakeholders could adopt to support the effective implementation of the HCDTs. Members were drawn from oil and gas companies, communities, civil society organisations, and government. Their membership and contributions were provided on an individual basis and they did not represent their companies, organisations, or governments as a whole. But their contributions did draw on their deep and varied experiences in establishing HCDTs across the region. (A full list of members can be found in Annex 1).

SECTION ONE:

UNDERSTANDING THE PIA AND HCDTs

1.1 BACKGROUND TO PIA AND HCDTs

1.1.1 Oil and gas revenue and investment in the Niger Delta

For more than sixty years of oil and gas extraction in the Niger Delta, policy-makers have struggled to ensure that host communities benefit. This remains a pressing responsibility for all because communities bear the brunt of the negative impacts of oil exploration, exploitation and production.

The Federal Government earned US$741.5 billion in revenue from the oil and gas sector between 2000 and 2021.[1] Over US$3 billion a year has been allocated directly to the Niger Delta region, via the State Governments, the Ministry of Niger Delta Development, the Niger Delta Development Commission, and the Presidential Amnesty Programme. More is allocated indirectly, through other Federal Ministries with projects in the region, such as the Ministries of Health, Education, and Power. In addition, the oil and gas companies provided, on average, US$72 million (NGN 19 billion) a year in "non-mandatory social spending" (also known as Corporate Social Responsibility, CSR) to the region.

But these allocated sums have failed to catalyse development locally, so it is clear that the issue is not how much, but how well the money is deployed. The past allocations were liable to wastage on projects that remain uncompleted, that duplicate previous projects, as well as outright embezzlement. The allocations have also been misused to build political support, and divide communities to weaken the collective power of citizens over politicians and oil and gas companies.

The creation of a new set of structures - HCDTs – under the legislative framework of the 2021 PIA aims to change this situation. In total, HCDTs will receive an estimated US$500-800 million per year, and offer an opportunity to overcome these inefficiencies and issues by making payments to communities legally mandated rather than voluntary and ensuring that affected communities have more direct control over how funds should be spent. This is potentially a ten-fold increase on existing non-mandatory social spending (CSR) from oil and gas companies. Yet these funds should not be seen as a replacement for services delivered by the government, which has a responsibility to all citizens to govern revenues efficiently and invest in public services and development. The focus should be on how to utilise these investments to complement and catalyse development in communities.

1.1.2 The PIA and HCDT legislation

The PIA restructured regulation and financial arrangements in the oil and gas industry. It introduced two new regulators: The Nigerian Upstream Petroleum Regulatory Commission (NUPRC), and the Nigerian Mid and Downstream Petroleum Regulatory Management Agency (NMDPRA). It has also changed the taxes and royalty rates that companies will pay to the government, among other things.

[1] NEITI https://punchng.com/nigeria-earns-742bn-oil-revenue-in-21-years-neiti/

The HCDT provisions (Chapter 3 of the PIA) replace voluntary "non-mandatory social spending" or CSR by oil and gas companies with mandatory contributions. The provisions in the PIA were further expanded on by the HCDT regulations issued by the NUPRC.

The objectives of the HCDT provisions are to:
- ✓ Foster sustainable prosperity within host communities
- ✓ Provide direct social and economic benefits from petroleum operations to host communities
- ✓ Enhance peaceful and harmonious co-existence between licensees or lessees and host communities
- ✓ Create a framework to support the development of host communities

The HCDTs are therefore supposed to bring long-term prosperity to host communities, invest fundsfrom oil and gas into development of host communities, and improve the relationship between communities and companies. All of this is done by providing a structure for the HCDTs to follow.

This requires a new arrangement for collaboration between the following stakeholders:
1. "Settlors" i.e. oil and gas companies who own or operate the lease
2. "Host Communities" i.e. settlements that fall within the lease area
3. Nigerian Upstream Regulatory Commission (NUPRC)
4. Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA)
5. Nigerian National Petroleum Company Limited (NNPCL)
6. The Host Community Development Trust (HCDT)

Our consultations highlighted several areas of the current framework that were not clear to these stakeholders, including: their precise roles and responsibilities; how they can hold each other accountable; and how they can collaborate to achieve the shared vision of the development of host communities. This handbook is an attempt to address these areas.

1.2. KEY PROVISIONS IN THE PIA AND HCDT REGULATIONS

This section highlights and summarises some of the key provisions in the HCDT chapter of the PIA (Chapter 3, provisions 234-257) and the HCDT regulations issued by NUPRC in June, 2022. It will then list where there are grey areas, as highlighted by working group members.

For a more detailed breakdown, please refer to Annex 2. It includes a longer list of key provisions with the original wording, translated into "everyday language", and the interpretation of the provision by members of the working group.

1.2.1 Current provisions

Purpose of the HCDTs

- The HCDT will be focused on community development projects, including those that address infrastructure, economic development, education, healthcare, the environment, security, and other purposes that will benefit the community (s239).

Rules

- The HCDTs will be run in line with Chapter 3 of the PIA, and the associated HCDT Regulations.
- In addition, each HCDT will develop a constitution with its own rules (in line with the above).
- The NUPRC can amend and make new regulations to improve implementation (s234(2)).
- If there are any disagreements or conflicts between stakeholders, then there is a 'grievance mechanism' for them to be resolved (s234(3)).
- If a company sells its licence, then the responsibilities associated with the HCDT will be passed onto the new licence holder (s237).

Establishment

- The oil and gas company is responsible for setting up the HCDT, and registering it with the Corporate Affairs Commission (CAC) (s235(1) and (4)).
- When there are multiple companies who own an oil asset (e.g a Joint Venture), it is the one who is the operator of the asset that is responsible for establishing the HCDT (s235(2)). Refer to Annex 3 to find out who your operator is.
- The HCDTs are supposed to be established within 12 months of the PIA being passed (s236).
- If a company does not follow these rules, then it may have its licence removed (s238).

Funding

- The companies shall pay the HCDTs an amount equal to 3% of what it spent on operating expenses (OPEX) the year before (s240(2)).
- The HCDTs can still receive other funds, for example, donations from private companies or individuals, the government, donors, or additional funds from oil and gas companies (s240(3)).
- An independent auditor will check the HCDT accounts every year to make sure funds are spent correctly and there is no corruption (s254).
- Regular reports must be shared between the Management Committee, Board of Trustees, company, and regulator (s255).
- The HCDT does not need to pay taxes on the funds it receives from companies (s256).
- The HCDT funds will be split as follows: 75% for a capital fund (projects), 20% for a reserve fund (savings), and 5% for the admin fund (s244). Any underspend will go back into the capital fund.
- The oil and gas company will dictate how the funds will be split between communities within a HCDT (s245).
- If the company and the regulator (NOSDRA/NUPRC) claim an oil spill is caused by sabotage, or crude oil theft, then the HCDT will have to pay for: fixing the damage caused, all the crude oil or products lost, and the costs for running the company during the repair period (s257(2) and HCDT regulation s37(2)).
- Companies operating offshore must make contributions to communities located within 500 metres of the coastline. The specific communities that a company will contribute towards will be determined by the NUPRC (s6(2) HCDT regs). The allocations will be paid into a single fund, to be distributed among coastal community HCDTs, based on the amount of oil and gas operations in the area (24(6), HCDT regs).

1.2.2 Planning projects

- The company will conduct a "needs assessment" in all communities to determine what issues the HCDT should address (s251(1-2)). This must be done in consultation with all parts of the community, including women and young people (s251(3)).
- The company will use the "needs assessment" to design a "development plan", which will specify the projects, budgets, and timeframes for the HCDT (s252).

1.3 OUTLINE OF THE STRUCTURE OF HCDTs AND THE ROLE OF EACH STAKEHOLDER

- The HCDT will have the following structure: Board of Trustees, Management Committee, and Advisory Committee (see table below).
- The Board of Trustees will be set up by the company, but selection must be done in consultation with communities. It will have an odd number of members, a maximum of 9 members, who serve a maximum of two four-year terms (plus a secretary appointed by the company).
- The Board of Trustees will approve and oversee projects under the development plan.
- The Management Committee will have two sets of members: executive members appointed by the Board of Trustees, not necessarily from the communities, who are experienced in project management; and non-executive members, representing each community, and nominated by the community, serving the same maximum two four-year terms.
- The Management Committee will prepare budgets, run contracting processes, and supervise project implementation under the development plan.
- The Advisory Committee will have one representative of each community, and members have no term limits. They are the interface between communities and the HCDT and must advise on projects, and monitor progress.
- The NUPRC will oversee the Board of Trustees, and is the ultimate authority that can intervene if things are not going to plan.

ROLES OF BODIES OVERSEEING THE HCDT

Body	Composition	Project roles	Administrative roles
Regulator – Nigerian Upstream Petroleum Regulatory Commission (NUPRC)	Civil servants appointed by the FGN	Review and approve community development plans.	• Approve Board of Trustee nominees. • Manage dispute resolution mechanisms. • Make regulations on the administration, guidance, and utilisation of funds. • Oversee contracting and project implementation by BoTs. • Investigate fraud and mismanagement.
Settlor – Oil and gas companies	Oil and gas company staff	Undertake a needs assessment to define the issues that need to be addressed, then design the community development plan.	• Incorporate HCDTs with the Corporate Affairs Commission, after completing the needs assessment. • Make annual financial contributions to HCDTs. • Appoint BoTs in consultation with host communities. • Determine procedures and regulations for BoTs. • Submit an annual report on projects and finances to the Regulator.
Board of Trustees (BoT)	Members of the host communities, appointed by the Settlor, in consultation with host communities. Odd number of trustees (≤9) serving a maximum of two four-year terms. Plus a Secretary appointed by the Settlor.	Approve and oversee projects under the development plan.	• Responsible for general administration of HCDTs. • Set up management committees and appoint members. • Determine procedures and regulations for management committees. • Determine the process for allocating funds to specific development programmes. • Keep account of finances. • Submit an annual report on projects and finances to the Settlor.

Body	Composition	Project roles	Administrative roles
Management committee	Executive members: Individuals with experience in accountancy, finance, law, or project management. Selected by the BoT, not necessarily from host communities. Non-executive members: One representative of each host community, nominated by the community. Unspecified number of members, serving a maximum of two four-year terms.	Prepare budgets, run contracting processes, and supervise project implementation under the development plan.	• Responsible for the general administration of HCDTs. • Prepare budgets and submit to BoT. • Manage the procurement and contract award process. • Report on activities of management committee, contractors, and other service providers. • Set up advisory committees and appoint members. • Determine procedures and regulations for advisory committees. • Submit a mid-year and annual report on projects and finances to the BoT.
Advisory committee	One representative of each host community, unspecified number or term limit.	Articulate and advise on community development projects to the management committee, and monitor and report progress of projects being executed.	• Monitor and report progress of projects to Management Committees. • Nominate members to represent host communities on management committees.

1.4 LEGISLATIVE AND REGULATORY ELEMENTS IN NEED OF CLARIFICATION/ CONSIDERATION

1. **Unclear Timeframe for Delayed HCDTs especially in littoral communities:** The HCDTs are supposed to be established within 12 months of the PIA being passed (s236). But it is already well beyond this timeframe, so the NUPRC must have granted extensions, but it is not clear what the new timeframe is. The new timeframe should be communicated, alongside penalties for further delays. There are major concerns related to delineating the boundaries especially in the littoral states. Has a timeframe been given to the Nigeria Boundary Commission to address these concerns? It also appears that different companies were given different timelines and extensions.

2. **Review of Section 235(3):** The NUPRC should come up with a standard process for allocating company funds to coastal communities.

3. **Reporting to Communities:** Section 255 of the Act outlines the process for submitting the mid-year and yearly reports to the BoT, the settlor and the NUPRC. It does not specify, however, whether or how these reports should be communicated to the community members who are a significant stakeholder in the HCDT.

4. **Penalties for companies:** It would be helpful to explicitly state the penalties that OGCs will face for failing to deliver contributions on time, just as the regulations clearly outline the penalties for the settlor's failure to comply with some of its provisions to encourage compliance. Additionally, it is important to make sure that the NUPRC has the enforcement authority to act quickly in the event of delays or defaults.

5. **Ensure that the Advisory Committees have the financial and technical resources** they require to conduct their activities, including their role to monitor and evaluate projects (possibly from the Admin Fund). There is no mention of how they will be resourced.

6. **Transparency and Accountability on OPEX and DDA calculations:** The NUPRC should specify uniform approaches for Oil and Gas Companies (OGCs) to calculate their Operational Expenditure (OPEX) and Direct Disbursement Allowance (DDA). This should include clear guidelines on the line costs to be included or excluded. While certain details may be commercially sensitive, establishing an acceptable level of transparency is essential. This transparency will enable communities, Civil Society Organizations (CSOs), and the National Assembly (NASS) to verify that Host Community Development Trusts (HCDTs) are receiving their rightful allocations. Tying this transparency to existing reporting mechanisms, such as NUPRC production data or audits conducted by the Nigeria Extractive Industries Transparency Initiative (NEITI), can further enhance accountability.

7. **Review of Section 257 (2) of the PIA:** Members of the working group have strongly advocated for the reconsideration, and in some circles, the potential repeal of Section 257 (2), which stipulates that host communities forfeit entitlements in the event of damage to oil facilities due to vandalism or third-party interference. They assert that host communities should not bear the

financial burden for damages caused by third parties, especially when those responsible for activities like oil bunkering may not be from the host communities. Additionally, the communities often lack the capacity to confront these oil thieves, who may have powerful backers in authority and can potentially threaten violence. Rather, OGCs and the NUPRC should consider working with other relevant agencies to ensure that pipeline surveillance contractors have effective strategies in place to protect company infrastructure, in coordination with relevant security agencies, as this will be crucial for protecting contributions due to HCDTs.

SECTION TWO:

PRACTICAL APPROACHES TO STRENGTHEN THE HCDTs

2.1 OVERVIEW

This section begins by looking at the essential steps highlighted in the NUPRC's Implementation Guide and Principal Regulations for the establishment of the HDCT. It follows by laying out the key practical approaches identified by the Working Group to ensure that the aforementioned steps are implemented in a manner that supports the HCDT fund to achieve its ultimate objective; to address the priority development needs of host communities.

By practical approaches, we mean specific and actionable strategies that have been identified by the Working Group to ensure that the HCDT fund effectively addresses the priority development needs of host communities. These practical approaches were developed by close reading and analysis of the provisions in the legislation and regulations. It is also informed by the significant experience of the Work either from working in the oil and gas industry or as host communities, as well as from the experience of those who have participated in the initial efforts to establish HCDTs.

Community Participation: Amongst other practical approaches which are discussed in further sections, the most prominent approach that has been identified is the promotion of community participation as a crucial approach to support the implementation of the host community development trust. This approach helps to ensure that the trust is in line with the real needs and aspirations of the community by creating regular channels for open dialogue. Additionally, this participatory method gives the local population a sense of ownership and fosters a more sustainable and community-driven development process.

Capacity Development for Host Communities: Emphasising the development of the host community's capabilities is another useful approach highlighted in this section. Encouraging community members to participate in and gain from the development trust's efforts is achieved through funding education and skill-building programs. By equipping individuals with relevant knowledge and skills, the community becomes better positioned to manage and sustain the projects initiated by the trust, fostering long-term self-sufficiency.

Monitoring, Evaluation, Accountability and Learning (MEAL) Framework: Furthermore, ongoing improvement of the Trust depends on the development and utilisation of a strong monitoring, evaluation, accountability and learning (MEAL) framework that Identifies successes, challenges, lessons, opportunities, and ensures that this vital information are incorporated into future implementation plans. A practical approach would be to develop a two-layered MEAL framework that firstly, at regulator level, monitors and evaluates the performance of the settlors in establishing the Trust structures in accordance with the provision of the HCDT, and secondly, at HCDT level, monitor and evaluate the implementation and impact of their development plan.

Sustainable livelihood interventions: Finally, the integration of sustainable livelihood interventions into community development plans addresses a significant demand consistently expressed by members of host communities and regional groups. These communities often face challenges such as low income, high underemployment, environmental degradation undermining traditional opportunities in fishing and agriculture. The lack of opportunities can lead community members towards engaging in illegal and environmentally harmful activities like artisanal oil refining. However, the successful inclusion of sustainable livelihood interventions relies heavily on how the needs assessment is conducted. A participatory needs assessment ensures that the desired livelihood interventions are thoroughly captured and reflected in the community development plan.

In conclusion, these practical approaches support an implementation that is data-driven, bolsters community participation, empowerment and strengthening, ensuring the success and long-term sustainability of the trust's development efforts.

2.2 KEY STEPS FOR ESTABLISHING A HCDT AS INDICATED IN THE NUPRC GUIDELINES

Step 1 - Community Mapping

- Determination of Host Communities, Structure and Number of Trust Clusters
- Nomination of BoT with consent from community
- Conduct participatory Needs Assessment
- In conjunction with the BoT, develop fund matrix and community development plan

Step 2 - Application to establish the Trust

- The application to the NUPRC should be made no later than 60 days before the deadline for registration

Step 3 - Submission and Review of Application

- The NUPRC will provide feedback on the application within 30 days of receipt of application

Step 4 - Incorporation of Trust at Corporate Affairs Commission

Step 5 - Setting up of Trust Account

- The BoT shall set up the following accounts include: Collection Account, Capital Expenditure Account, Administrative Account and Reserve Account.
- Appointment of Fund Manager by the BoT

Step 6 - Appointment of Members of the Management and Advisory Committee

2.3 PRACTICAL APPROACHES FOR THE EFFECTIVE IMPLEMENTATION OF THE HCDTs

1. **Strengthening the Community Participatory Approach:** Fully involving communities will be the most important approach for the Trust to adopt for the effective implementation of the HCDT. This applies throughout the selection of Board of Trustees, the needs assessment and the generation of the community development plan. The experience of group members highlighted that, despite regulatory requirements to the contrary, community members, including women, youth, and marginalised groups, are often excluded from crucial stages and the selection of members of the Board of Trustees. This could be corrected and strengthened by the NUPRC by ensuring that the companies consistently provide supporting documents as evidence to demonstrate how community engagements were conducted. Additionally, approaches like regular town hall meetings with the HCDT leadership, surveys, and feedback channels should be taken into consideration to guarantee that community voices are heard. NUPRC can also contact a member of the Management or Advisory committees to verify if the events held, and were conducted in a participatory manner.

2. **Implementing a Comprehensive Needs Assessment:** A thorough needs assessment is essential, given its pivotal role in shaping the trajectory of community development plan (CDP), which in turn, becomes the strategic roadmap guiding the development journey of host communities over a period of time. This comprehensive needs assessment is an iterative process that should, firstly, be inclusive.

   The needs assessment, as stated in the NUPRC implementation guidelines, requires the proper identification and bringing together of all community stakeholder groups that includes the community leaders, community groups such as the women and youth groups and marginalised and vulnerable groups such as persons living with disabilities, to gain insights into the multifaceted dimensions of the community's requirements and ensure that the voices of all community members are integral to the development of the community development plan. This process should also aim to collect external information both at local government and state level to ensure that there is an alignment between the CDP and the state and local governments' development plan.

   The next phase is a validation of the findings of the needs assessment. This phase, which should be implemented by the settlor, requires a meticulous review by diverse stakeholders, including community members, leaders, experts, local CSOs, development practitioners and organisations. This inclusive process acts as a quality assurance checkpoint, the validation exercise addresses discrepancies, validates data authenticity, and aligns proposed interventions with community aspirations.

3. **Guidance on Clustering Communities:** The NUPRC is encouraged to play a pivotal role in offering comprehensive guidance to oil and gas companies regarding the strategic clustering of communities into Host Community Development Trusts (HCDTs). The current assumption of homogeneity among communities, where what is applicable or effective in one is universally applicable to others, requires careful reconsideration. The potential challenge of implementing

HCDTs based on such an assumption include the risk of fostering conflict rather than nurturing peace and prosperity among host communities.

To mitigate these risks, we recommend that the Commission expands its guidance to oil and gas companies by incorporating community clustering strategies. This involves acknowledging and addressing the unique socio-economic, cultural, and environmental factors that distinguish one community from another. Particularly, the inclusion of robust risk management strategies is paramount. These strategies should anticipate and proactively address potential conflicts that may arise due to differing community dynamics and expectations.

By integrating risk management into the clustering process, the Commission can contribute to the creation of sustainable and harmonious relationships between companies and host communities. Additionally, we propose that the Commission conducts thorough checks and assessments before approving the incorporation of communities into HCDTs.

Furthermore, the Commission should establish a clear and transparent process for determining which coastal communities are entitled to contributions from offshore operations. This involves considering factors such as geographical proximity, environmental impact, and the socio-economic vulnerabilities of each coastal community. By providing clarity on the criteria for eligibility, the Commission can ensure equitable distribution of benefits and contribute to the overall well-being of coastal communities affected by offshore activities.

4. **Periodic Review and Adaptation:** While the regulations stipulate a rolling review of the development plan, it is equally crucial to include regular reviews (e.g. every two years) of community needs. This ensures that community development plans remain responsive to evolving needs and challenges.

5. **Community Capacity Strengthening:** Communities have oftentimes mentioned the need to improve the capabilities of local leadership and citizens so that they are empowered to address their own issues without the need for external interventions. In respect to the HCDT, community capacity strengthening through the implementation of trainings such as on community leadership, community-based planning, conflict sensitivity and resolution, and negotiation could add the following value to the HCDT:
   - Encourage active involvement in decision-making processes linked to the HCDT such as empowering community members to accurately identify its needs and priorities.
   - Minimise internal conflicts within the community, positively impacting the implementation of HCDT initiatives.
   - Improve the skills and capacity of community members, making them more capable of managing and benefiting from HCDT initiatives.

6. **Inclusion on other voluntary contributions:** The implementation of the HCDT should not preclude communities from benefiting from other Corporate Social Responsibility (CSR) initiatives by oil companies or government-led development interventions. Instead, there should

be coordination between governments, HCDTs, and settlors to consolidate development interventions in host communities.

7. **Coordination amongst HCDTs and Relevant Ministries, Departments and Agencies (MDAs):** It is imperative to establish a structured mechanism in collaboration with relevant government bodies to ensure that HCDTs prioritise projects that do not duplicate existing government responsibilities, specifically those related to funding educational and healthcare initiatives. This underscores the need for the establishment of a coordinating entity, with the Ministry of Niger Delta Development emerging as a potential body for this role.

8. **Periodic evaluation of strategies for sustainability in all projects:** The incorporation of a sustainability plan in the community development plan is a welcomed approach that enables the HCDTs to demonstrate how long-term maintenance and expansion of projects, including hospitals and schools, are feasible. However, this can be reinforced by periodic evaluations of such strategies to ensure that they are adaptable to the changes in the environment, market conditions and internal dynamics. Such an approach will support projects from becoming a temporary solution that may have no long-term positive effects.

9. **Transparency in the development of the distribution matrix:** The NUPRC, in collaboration with the settlor and representatives from three community categories, should co-develop a transparent distribution matrix. This matrix should clearly outline how funds are distributed among the different community categories, ensuring fairness and equity in the allocation process. The development of this matrix should involve meaningful engagement with community representatives to capture their perspectives and address their concerns.

10. **Institution of community-based tribunals to resolve grievances and conflict:** As a suggested approach to strengthen Section 39(2)(4) of the regulation, the Commission could consider instituting a tribunal, comprising technical experts, representatives from either parties, legal experts and mediators/conciliators, dedicated to resolving disputes between clustered host communities, and host communities and OGCs (Oil and Gas Companies). The outcomes from such a tribunal may be perceived as more efficient and impartial. This could also lead to fair and timely resolution of disputes without the need for prolonged court proceedings, which could potentially hinder project implementation in host communities.

11. **Providing Mass Education and Awareness Campaigns:** Awareness around the HCDT provisions of the PIA remains low. There is a pressing need for extensive mass education and awareness campaigns within host communities to clearly explain the purpose and benefits of Host Community Development Trusts (HCDTs). Such campaigns could significantly contribute to fostering a sense of ownership and responsibility among community members.

12. **Looking Beyond Physical Infrastructure:** While there are significant infrastructural deficits in some host communities, there is a shared desire for initiatives in the community development plans to include interventions that would improve the livelihoods of community members.

Community development plans should include livelihood interventions that can create decent jobs, invest in human capital, pave the way for economic prosperity and position communities for sustainable development, including in future scenarios in which oil production diminishes significantly or ceases altogether.

2.4 HCDT MECHANISMS FOR MONITORING, EVALUATION, ACCOUNTABILITY AND LEARNING (MEAL)

Monitoring implementation and evaluating the impact of HCDT projects will be a critical stage to ensure accountability, sustainability and impact. Through our stakeholder engagements, a concern emerged regarding the growing number of abandoned projects in the Niger Delta, including those initiated under the previous Global Memorandum of Understanding (GMoU) regime by oil and gas companies. Some of these projects have been completed but are no longer in use, while others were left incomplete. This worrying rate of abandonment may stem from flawed needs assessments, and the absence of Monitoring, Evaluation, Accountability, and Learning (MEAL) exercises to provide oversight on implementation and impact.

Incorporating MEAL into the HCDT structures is crucial. It will help the Trusts to operate effectively, transparently, and in alignment with their core purpose of benefiting not only the host communities, but all relevant stakeholders. Incorporating MEAL processes serve to hold stakeholders accountable, pinpoint areas for improvement, and, as emphasised in one of our project engagements, guarantee that HCDTs do more than just implement activities, but create a genuinely positive impact on the communities they serve.

A positive step in this direction is the NUPRC's commitment to monitor and report the progress of all HCDTs through its "Industry Digital Automated Portal" (IDAP)[2]. The portal will enable quick feedback from the stakeholders and the public for the Commission to carry out its regulatory oversight effectively. However, this portal can be further strengthened by incorporating an additional layer in the form of a monitoring and evaluation framework, which will guide, track and evaluate the implementation of the respective Trusts' Development Plan. The benefit of this incorporation will strengthen the implementation process, and provide constructive feedback to the Trusts, companies, and the regulator. It will also promote the voices of the host communities, strengthening their confidence, participation, and sense of partnership in the delivery of the HCDT.

To achieve this, we recommend that a MEAL framework/system is established at two levels:

(a) At the regulator level: to monitor and evaluate the performance of the settlors in establishing the Trust structures in accordance with the provision of the HCDT. This mechanism will provide the regulator (NUPRC) timely valuable feedback and insight for effective regulatory actions. For example, this will be able to collate and visualise the total number of Trusts to be established by respective settlor and status; status of the needs assessment across the host communities; status of establishment of BoT, settlor-community conflict management scorecards, etc. To effectively establish and implement this comprehensive MEAL framework, we recommend the NUPRC to prioritise budget appropriately and allocate for this purpose.

2. https://www.thetidenewsonline.com/2023/05/12/nuprc-unveils-digital-platform-for-host-community-dev/

(b) At the HCDT level: to monitor and evaluate the implementation and impact of their development plan. The establishment and implementation of a MEAL framework at this level should be aimed to promote inclusion, and participation of the host communities (ensuring the priority needs of the communities are reflected in the development plan), and provide valuable feedback to inform the decision of both the settlors and the Board of Trustees (BoTs) - especially re-evaluating the relevance, sustainability and impact of the designated interventions for the host communities. As a recommendation, the Trust should have an internal MEAL unit, preferably within the Advisory Committee since they are already vested with the responsibility of monitoring on-going projects, to establish and implement their respective Trust MEAL framework and a budgetary provision should be made from the administrative fund. Additionally, an external evaluator consultant should be contracted by the Trust and independent CSOs should be allowed to conduct periodic evaluations that would provide impartial and objective assessments and present its reports to the BoTs, settlors and regulators.

2.5 LIVELIHOODS GUIDE

2.5.1 Overview of livelihoods

As highlighted in previous sections of this handbook, there has been a consistent demand from members of host communities and regional groups to include livelihood interventions in their community development as these communities are often characterised by low income rates, underemployment high, environmental degradation, which has undermined traditional opportunities in fishing and agriculture, and lack of opportunities can encourage community members to resort to participation in illegal and environmentally destructive behaviour artisanal oil refining. Therefore, this section of the guide is dedicated to a broader exploration of how HCDTs can support livelihoods. It aims to delve into the various aspects of livelihood interventions and their significance in the context of host community development.

A livelihood is how a person makes a living; it consists of the capabilities, assets (material and social resources) and activities required of a person to make a living. In recent times, there has been a shift from traditional livelihoods to sustainable livelihoods. Traditional livelihood activities are activities that may have been passed down from generations (e.g fishing and agriculture) but do not take into consideration the environmental, social and economic impact of such activities. Traditional livelihoods are in many cases exposed to external shocks due to the lack of income diversification or changes in market conditions, could contribute to environmental degradation as they may not align ecological principles, and may be unadaptable as such practices may be rooted in cultural norms. Sustainable livelihoods on the other hand, takes into consideration the long-term viability of these livelihood strategies. Broadly, a sustainable livelihood can cope with and recover from stresses and shocks and maintain or enhance its capabilities, assets, and activities both now and in the future, while not undermining the natural resource base.

The Sustainable Livelihoods Approach (SLA) looks at individuals in host communities in a different way. Instead of just thinking about what people lack- employment, money or housing- it focuses on what they already have—like their skills and capabilities- expertise relevant to their local context, their level of adaptability, access to resources and social networks.

SLA examines how communities can leverage these strengths to navigate challenges successfully. In concrete terms, this involves commencing with the everyday experiences of individuals, engaging them in decision-making processes (such as participating in community development plans), comprehending how policies or Acts (such as the implementation of the HCDT) impact people's earnings or livelihoods, and striving to modify or ensure these policies to support individuals, including the poor, marginalised, and vulnerable, in attaining their objectives. By comprehending their circumstances at home and within the community, we can devise plans to assist them meaningfully and instigate positive transformations in their lives.

2.5.2 SLA Principles

To make the most of a SLA, there must be some agreed principles that shall inform it as backdrop. And some of them include the following:

- **People-centred:** This implies that launching development initiatives should prioritise people-considering their livelihoods, vulnerability, perceptions, and views-rather than just highlighting the resources or services available to them.
- **Engaging and inclusive:** Initiatives should be crafted with the active involvement of all relevant stakeholders. They should also be adaptable and accountable to these stakeholders.
- **Collaborative at multiple levels:** The interventions should be designed to complement other efforts at both national and state levels.
- **Adaptable:** The intervention should continuously learn and evolve based on experience.
- **Sustainable:** It should be financially, socially, environmentally, and institutionally viable.

2.5.3 Justification for the Incorporation of Sustainable Livelihoods into Community Development Plans

Incorporating sustainable livelihoods into the community development plan is a question that has surfaced a few times in our engagements, prompting the project to take a closer look at its relevance. Beyond being a request from host community members, there are pivotal benefits that sustainable livelihoods bring to the table, contributing significantly to the HCDT objective- fostering sustainable development in host communities. Some of these benefits include:

- **Promoting Long-Term Resilience:** The main goal of sustainable livelihoods is to build the capacity of communities to withstand disruptions and adapt to changes over time. This becomes crucial because the local economies are highly reliant on the volatile oil and gas sector.

- **Economic Diversification:** Introducing Sustainable Livelihood Interventions (SLIs) has the potential to generate employment and diverse incomes beyond the oil and gas sector, thereby lessening reliance on oil. This is achieved by encouraging sustainable economic activities. This could further contribute to reducing oil theft and artisanal oil refining as more community members will be engaged in meaningful employment.

- **Fostering social inclusion:** Sustainable livelihoods consider the needs of all members of the community, especially disadvantaged groups. This inclusive strategy makes sure that the advantages of HCDTs are dispersed fairly across various groups within the society.

- **Community Empowerment and Advancement:** Sustainable livelihoods equip community members with the necessary skills, resources, and opportunities to improve their overall quality of life. This comprehensive approach addresses economic, social, and environmental dimensions, fostering the holistic well-being of the community.

- **Avoiding duplication of other efforts:** It is the responsibility of the Federal and State government in Nigeria to provide basic services to citizens: including education, healthcare, and access to electricity. In reality, the government may fail in these areas, especially in riverine areas. But if HCDT funds are used to fulfil government responsibilities, then the government will be let off the hook. Our recommendation is that HCDT funds are directed towards areas that compliment government efforts, and that citizens continue to put pressure on politicians to fulfil their obligations.

2.5.4 A Step by Step Guide to Implementing Sustainable Livelihoods

1. **Mapping Local Context:**[3] Commencing this process[4] involves gathering pre-existing information about the local community to ensure that local issues are considered before designing an intervention. Within a Livelihoods project, there are two separate processes for collecting information:
    a. Gathering data on the assets and livelihood strategies employed by individuals and households.
    b. Analysing and aligning this information with existing policies, institutions, and practices affecting these households.

    Some questions that could help in the collecting this information could include:
    - What are the key public or economic assets in the community, such as a large population with diverse skills, oil resources, access to markets, or educational institutions, and how accessible are these assets?
    - What cultural or religious norms are prevalent in the area and what could be their implications?

    Other key considerations include:
    - identifying the demographics, distinct ethnic groups, and their interactions within the community.
    - Addressing the experiences of all ethnic groups in the design of interventions.
    - Reviewing existing data on poverty levels within the community and assessing whether it has been addressed.
    - Analysis of lessons learned from existing or past interventions
    - Identifying opportunities for community involvement in local decision-making processes.

3. In some cases, steps such as setting up objectives and recruiting a project team, precedes this step

4. The process could be led by the settlor and/or the Management Committee as they have the responsibility of generating the community development plan and running the day-to-day activities of the HCDTs

2. A Needs Assessment: This is to gather information on the community's priority needs (immediate, mid-term and long term). Some key steps include:

- Clearly outline objectives and scope of the needs assessment.
- Identify and involve diverse stakeholders for varied perspectives.
- Collect and analyse existing data, including demographic and economic information.
- Visit the community, observe living conditions, infrastructure, and challenges.
- Develop clear and relevant surveys to gather quantitative or qualitative data.
- Conduct interviews and focus groups to capture diverse opinions.
- Involve the community in the assessment process for input.
- Recognize community strengths and existing resources.
- Analyse data to prioritise community needs based on urgency, feasibility, and impact.
- Compile findings into a comprehensive report and share with stakeholders for validation.
- Collaborate with the community to agree and create an intervention that addresses the identified needs.

3. Feasibility Study and Risk Assessment[5]**:** Once community stakeholders reach a consensus on a preferred intervention, a follow-up evaluation of its feasibility becomes pivotal in determining its viability. Feasibility encompasses a holistic analysis that delves into the various dimensions of the proposed intervention, examining its technical, operational, economic, legal, and scheduling aspects. Some of the steps in conducting a feasibility and risk assessment include:

- Clearly define the project's goals and scope.
- Identify and engage stakeholders to understand expectations.
- Examine technical, operational, economic, legal, and scheduling aspects.
- Identify potential project risks and uncertainties; Assess the impact and likelihood of identified risks; Risk mitigation strategies
- Evaluate project costs against expected benefits.
- Evaluate availability of human, financial, and technical resources.:
- Analyse market demand, competition, and risks.
- Evaluate potential environmental impacts and mitigation strategies.
- Examine project timeline and identify potential bottlenecks.
- Compile findings into a comprehensive feasibility report.

This comprehensive assessment aims to ascertain whether the intervention aligns with the community's objectives and whether its implementation is practically achievable within the existing contextual constraints. The feasibility study serves as a crucial step in ensuring that the selected intervention is not only desirable but also executable, laying the groundwork for informed decision-making and successful project outcomes.

4. Intervention design: This stage in the process builds upon the key findings from the comprehensive feasibility report. The most important elements in designing an intervention are that it embodies inclusivity, fosters active participation, exhibits adaptability, and prioritises sustainability.

5. This should be conducted by the settlor using an external consultant

In greater details, these elements includes:

Inclusivity:

- Ensure that the intervention design encompasses the diverse needs, perspectives, and aspirations of the entire community.
- Take into account different demographic factors, such as age, gender, beliefs, and socioeconomic status, to create a truly inclusive approach.

Participatory Approach:

- Embrace a participatory design methodology that actively involves community members in the decision-making and planning processes.
- Facilitate workshops, focus group discussions, and other interactive sessions to capture the valuable insights and preferences of the community.

Adaptability:

- Design interventions that are flexible and adaptable to changing circumstances and unforeseen challenges.
- Incorporate mechanisms for feedback and regular reviews to facilitate adjustments in response to evolving community needs and dynamics.

Sustainability Focus:

- Prioritise sustainability by embedding elements that empower the community to continue and manage the intervention independently.
- Identify and leverage existing community resources, skills, and structures to create a foundation for long-term success.

Capacity Building:

- Integrate capacity-building components within the intervention to enhance the skills, knowledge, and capabilities of community members.
- Provide training and support that empower individuals to effectively participate in and contribute to the success of the intervention.

Tailored Designs:

- Tailor intervention designs to address the specific challenges and opportunities identified during the needs assessment and feasibility stages.
- Align the design with the unique cultural, economic, and environmental context of the community.

Community Ownership:

- Foster a sense of community ownership by involving members in critical decision-making processes.
- Cultivate a collaborative environment where community members feel a shared responsibility for the success and sustainability of the intervention.

By meticulously considering these principles, the intervention design process becomes a dynamic and responsive endeavour, deeply rooted in the genuine needs and aspirations of the community, and poised to create sustainable positive change.

5. Monitoring and Evaluation Plan: Likewise, it's critical to set up processes for ongoing monitoring and assessment to periodically determine the community's needs for adaptive interventions. This could be achieved by developing a strong framework for monitoring and evaluating the intervention's progress and impact. A baseline study is necessary at this point to gather initial quantitative and qualitative data that will be relevant stakeholders (BoT, oil and gas companies, community leaders etc) in tracking the projects' progress and any changes that may have developed over time as a result of the intervention. Periodic project monitoring and evaluation will guarantee that data-driven insights guide continuing adaptations and improvements, ensuring the intervention's long-term viability.

6. Sustainability Plan: Can this intervention sustain itself and operate independently without financial support from the Trust? Will it contribute to environmental preservation or potentially lead to degradation? Additionally, does the project have the potential to foster enduring social cohesion among local communities? Addressing these questions is crucial before implementing the intervention. The sustainability plan should incorporate an exit strategy, minimising the impact when funding concludes. It needs to outline the necessary funding and support beyond the initial investment by the HCDT, ensuring strategies are in place to generate sufficient resources for ongoing support.

CONCLUSION

The long awaited enactment of the PIA is a welcomed development. This legislative milestone for the petroleum industry presents a greater opportunity for deepening development with host communities through the implementation of the HCDTs.

However, it is important to note that the implementation of any legislation, no matter how well-intentioned, is not without its challenges, and these challenges are surmountable. As stakeholders navigate the nuances of this new legal framework, there will be notable concerns that will be identified, and would require careful consideration and resolution.

The handbook recognises the potential hurdles in this journey, and therefore, recommends practical approaches which stakeholders could adopt to ensure the effective operationalisation of the HCDT. Amongst others, the handbook places significant emphasis on the need for a participatory approach in the implementation processes of the Trusts; that the collective voices and aspirations of community persons must be heard and acted upon. It also recommends the adoption sustainable livelihood approaches and the development of a monitoring that will ensure long-term development for communities, and the development and implementation of a M&E framework that the interventions within the community development plan aligns with the actual need of the communities.

ANNEX 1

WORKING GROUP MEMBERS

S/N	Name	Organisation/Community
1.	Victoria Ibezim	Spaces for Change
2.	Princess Lovina Enyekit	Pan Niger Delta Forum
3.	Dr Ken Robinson	Pan Niger Delta Forum
4.	Elem Obinichi	Shell Petroleum Development Company (SPDC)
5.	Engr Pender Agwarive	Host Communities of Nigeria Producing Oil and Gas (Host Comm)
6.	Philip Goddfrey	Otuasega Community
7.	Chief Joseph Otobo	Imiringi Community
8.	Chief Austin Ejemavi	Gana Community
9.	Barrister Dornu Barida	Legal Practitioner
10.	Sylvester Okoh	Heritage Oil
11.	Chuks Ofulue	Foundation for Partners Initiatives in the Niger Delta (PIND)
12.	Dr Paterson Ogon	Human Rights Activist and Founding Director Ijaw Council for Human Rights
13.	Dr Otega Okinono	Academia - University of Delta
14.	Dr Rachael Misan-Ruppee	Development Initiative for Community Impact
15.	Dr Nkata Roberts	Private Consultant
16.	Dr Josephine Crossdale Ovwido	Academia and Gender and Inclusion Expert
17.	Debbie Effiong	ED ALIVE Foundation

ANNEX 2

PROVISIONS IN THE PIA AND HCDT REGULATIONS

PURPOSE OF THE HCDT

239(3) *'The objectives of the host communities' development trust shall include:*

(a) *Finance and execute projects for the benefit and sustainable development of the host communities.*

(b) *Undertake infrastructural development of the host communities within the scope of funds available to the Board of Trustees for such purposes.*

(c) *Facilitate economic empowerment opportunities in the host communities.*

(d) *Advance and propagate educational development for the benefit of members of the host communities.*

(e) *Support healthcare development for the host communities.*

(f) *Support local initiatives within the host communities which seek to enhance protection of the environment.*

(g) *Support local initiatives within the host communities which seek to enhance security*

(h) *Snvest part of available fund for and on behalf of the host communities*

(i) *Assist in any other developmental purpose deemed beneficial to the host communities as may be determined by the Board of Trustees.'*

Everyday language: The HCDT will be focused on community development projects, including those that address infrastructure, economic development, education, healthcare, the environment, security, and other purposes that will benefit the community.

Interpretation: Development covers a range of needs that are detailed in this list. The HCDT funds can be used to address these needs, based on the priorities in the area. While the list includes infrastructure, healthcare and education, basic provision is the responsibility of government, and HCDTs should avoid doing projects that the government should provide. It will be more impactful if HCDT funds can be spent on projects that enhance development - such as generating employment by establishing businesses (for more, see the livelihood guide section).

RULES

Section 234(2): *'The Commission and Authority may make regulations with respect to this Chapter on areas within their competence and jurisdiction as specified in this Act.'*

Simple language: The NUPRC can create regulations that all stakeholders must follow to improve the HCDT process. These must be in line with the PIA, which is the law that the HCDT regulations fit under.

Interpretation: The HCDT process is a new one that will inevitably encounter challenges that were not foreseen during the drafting of the PIA and associated regulations. This provision gives NUPRC powers to adjust regulations to address any issues related to the overall function of HCDTs. Regulations are different to laws, because they do not need to go through the National Assembly before they are adopted. They are more like rules for everybody to follow, and if people do not follow them, then the NUPRC can penalise them through fines or by taking them to court. The regulations do still give NUPRC legal powers, from their connection the laws (including PIA).

Section 234(3): *'The regulations under subsection shall include a grievance mechanism to resolve disputes between settlors and host communities.'*

Simple language: The regulations will have a formal process for dealing with issues between companies and communities as they arise.

Interpretation: There are bound to be disputes when finance is involved, especially as the HCDTs are a new type of arrangement between stakeholders. It is encouraging that a process is going to be in place. It will be important that this is communicated clearly to all stakeholders, so they know how to raise issues when they arise, and deal with them in a diplomatic and just manner. It will also be important that an able, independent body is given the responsibility to facilitate the process, and that this can be done in a timely manner, to avoid backlogs similar to the court system.

Section 235(6a): *"The Commission or Authority, as the case may be, shall make regulations on the administration, guide and safeguard the utilization of the trust fund"*

Everyday language: The NUPRC will create regulations that say how funds will be handled by the HCDT.

Interpretation: The NUPRC guidelines for handling funds will help minimise uncertainty, corruption and mismanagement of resources. It is important that the NUPRC observes spending closely, and that they listen to feedback from communities, and act to investigate any allegations of financial mismanagement.

Section 237: *Transfer of Settlor's interests and obligations subject to Host Communities Development Trust obligation....*

Everyday language: If a company is going to sell the licence, then it must arrange to had over the HCDT obligations to the new company.

Interpretation: Many oil and gas blocks are changing hands in the process known as "divestment". With this provision it is clear that the planning done for the existing HCDT must be passed over to the new owner. In some GMoU areas some settlors divested for several reasons and their assets and liabilities were handed over to the successor organization. In one instance, the settlor had to negotiate a new agreement with the host community. This took a long time. And in the process of the delay, the state government interfered and a major conflict arose which led to the sacking of the traditional ruler. This provision is very important and settlors must inform other stakeholders when they want to leave.

ESTABLISHMENT

Section 235(1): *'The settlor shall incorporate host communities' development trust (in this Act referred to as "the trust") for the benefit of the host communities for which the settlor is responsible.'*

Everyday language: The oil and gas companies are responsible for setting up the HCDT.

Interpretation: The incorporation here is to give it some kind of legal teeth to be able to operate properly. As they say, to whom much is given, much is also expected. Being incorporated involves a lot of administrative duties, such as filing annual returns, financial audits, regular board meetings etc. If these requirements are not met, it may cast doubts and question marks on the credibility and legitimacy of the trust, and cause delays to the payment schedule.

Section 235(2): *'Where there is a collectivity of settlors operating under a joint operating agreement with respect to upstream petroleum operations, the operator appointed under the agreement shall be responsible for compliance with this Chapter on behalf of the settlors.'*

Everyday language: Where there are many companies with an interest in an oil field (OML), the company that is the operator shall be the one that establish the trust.

Interpretation: This provision makes clear who is in-charge. It is important for appropriate authorities to communicate this to communities. It is also possible to check which company is the operator in your area by looking at the list provided in Annex 3.

Section 235 (3): *'For settlors operating in shallow water and deep offshore, the littoral communities and any other community determined by the settlors shall be host communities for the purposes of this Act.'*

Everyday language: Some operations are in offshore areas, and the companies are still required to make a contribution to HCDTs. The company shall decide which coastal communities to contribute towards, but there are some guidelines on who falls into the benefit zone (see below)

Interpretation: This provision gives the company the responsibility to determine its host communities. In doing this, it is important to use objective criteria in order not to shut some communities out. Communities can also find out if they fit within the benefits zone, and make sure that they are receiving a fair share of allocations from offshore operations. The zone is defined in the HCDT regulations (see below, s6). But because this could be done differently between companies, and may cause conflicts with communities, the NUPRC should come up with a standard process for allocating company funds to coastal communities.

Section 6(2): *'In determining host communities situated in or appurtenant to shallow water and deep-water areas of operation, the following criteria shall apply – (a) a littoral community to a deep-water area of operation located along the Gulf of Guinea of the Nigerian shoreline up to about 500 metres inland, provided that such community is gazetted by the National Boundary Commission [...] (d) littoral communities to deep-water area of operations shall be categorised by their respective state coastlines and shall be assigned to a settlor by the Commission for the purpose of setting up the trust and other responsibilities provided under Chapter 3 of the Act.'*

Everyday language: Companies operating offshore must make contributions to communities located within 500 metres of the coastline. The specific communities that a company will contribute towards will be determined by the NUPRC.

Interpretation: This regulation is at odds with the PIA, as it states that the NUPRC will determine which communities the settlor shall contribute towards, rather than the company itself. Either way, it is positive that offshore operations will contribute towards coastal community HCDTs. Production is increasingly moving offshore (it is around a 50:50 split between onshore and offshore), and this provision ensures that the operators contribute to community development.

Section 24(6): *'Contributions for littoral communities to deep-water area of operations, shall be pooled and distributed amongst beneficiary trusts equitably considering annual operating expenditure of the preceding financial year, asset value, size and any other criteria as may be determined by the Commission.'*

Everyday language: Offshore operators will put their 3% into one fund, that will be split between coastal community HCDTs, based on the scale of operations in their zones.

Interpretation: As offshore production is in the high sea, there are no immediate host communities. However, the impact of offshore production - including oil spills, gas flaring, and other seismic disturbances - will be felt by several communities along the coastline. This provision therefore requires companies to spread their allocations among several HCDTs along the coast line. However, it is a bit of a grey area that will need further clarification from the NUPRC, ideally to create a uniform approach to allocating funds to communities along the coastal areas.

Section 235(4): *'The settlor shall for the purpose of setting up the trust, in consultation with the host communities, appoint and authorise a board of trustees ("the Board of Trustees"), which shall apply to be registered by the Corporate Affairs Commission as a corporate body under the Companies and Allied Matters Act in the manner provided under this Chapter.'*

Everyday language: The HCDT shall have a Board of Trustees. The company has the responsibility to set it up, and register it with the CAC. But this selection must be done with consultation with communities.

Interpretation: The assumption is that the trustees shall represent the interest of the host communities. But the settlor shall undertake this in consultation with the host communities. This places a big burden on the host communities to pick their best representatives. This is not an easy task. What it means to ensure effective implementation is that the host community must set out objective criteria for selecting and recommending trustees to the settlor. These criteria shall be clear and understandable to all and sundry. And these criteria shall also be shared with other stakeholders before the selection process. Based on the criteria, prospective trustees may even be asked to apply to be selected. A selection team may be set up to ensure that the process is transparent, free and fair. The criteria may include: representation, age, educational qualification, experience, integrity, community service etc. The community governance structure shall have the responsibility to agree on these criteria.

Section 235(5): *'The name of the corporate body to be registered by the Board of Trustees shall contain the phrase "host communities' development trust."'*

Everyday language: During registration of the HCDT with the CAC, 'host community development trust' must be included as part of the name.

Interpretation: The question that arises is which community's name shall prefix the phrase. In the previous arrangement, conflicts have arisen over the naming of facilities. Stakeholders shall do all in their power to ensure that they name the trust appropriately. For instance, they may use the name of the community that hosts the largest facility, or if it is a cluster of communities, they may use the name of the kingdom or headquarters of the communities. They may also choose an acronym from the first letters of the communities that make up the area (e.g. the HCDT for Letugbene, Bilabiri, Dodo and Semewota communities could be called "LBDS Host Community Development Trust").

Section 236: *'The host communities development trust shall be incorporated (a) within 12 months from the effective date for existing oil mining licences; (b) within 12 months from the effective date for existing designated facilities; (c) within 12 months from the effective date for new designated facilities under construction on the effective date; (d) prior to the application for field development plan for existing oil prospecting licences; (e) prior to the application for any field development plan under the petroleum prospective licence or petroleum mining lease granted under this Act; and (f) prior to commencement of commercial operations for licensees of designated facilities granted under this act.'*

Everyday language: The HCDT must be set up within one year of the PIA being passed. If a company wants to apply to set up a new field within a lease, or a new lease entirely, then it must set up the HCDT first.

Interpretation: This provision effectively means that all HCDTs should have been set up before August 2022. However, there have been significant delays, and the NUPRC does not seem to be penalising companies for violating this provision. If for any reason, the deadline has still not been met, it is important for the NUPRC to be informed in writing.

Section 238: *'Unless as otherwise provided for in this Act, failure by any holder of a licence or lease governed by this Act to comply with its obligations under this Chapter, after having been informed of such failure in writing by the Commission or Authority as the case may be, may be grounds for revocation of the applicable licence or lease.'*

Everyday language: If the company fails to set up the HCDT within the timeframe, then the NUPRC will write to them. If the company still fails to set up the HCDT, then the NUPRC can remove the licence from the company.

Interpretation: This is a positive provision for communities. If a company fails to set up the HCDT within a year, then the NUPRC has powers to remove its licence and find another company to run the oil and gas operations in the area. But as mentioned above, the majority of HCDTs were not set up within the timeframe, and it is not clear if the NUPRC has written to any of the companies to speed up the process. Communities should keep raising this with NUPRC if their own HCDT has not been established, or if they have not been assigned to an established HCDT yet.

FUNDING

Section 240(2): *'Each settlor, where applicable through the operator, shall make an annual contribution to the applicable host communities development trust fund of an amount equal to 3% of its actual annual operating expenditure of the preceding financial year in the upstream petroleum operations affecting the host communities for which the applicable host communities' development trust fund was established.'*

Everyday language: The companies shall pay the HCDTs an amount equal to 3% of what it spent on operating expenses (OPEX) the year before.

Interpretation: The above is the main source of funding for the host communities' trust. The HCDT regulations provide a fairly detailed definition of OPEX: "non-capital production costs, cost of sales, administrative expenses and any other expense incurred for the operations of the business on a day-to-day basis as included in the audited financial report, provide that such expenditures shall not include capital expenditures, impairment, depreciation or amortisation'. This essentially means 3% of all costs to the business, excluding what it spent (or lost) on capital (infrastructure). It is different to the 3% that companies pay to NDDC, because that includes both OPEX and CAPEX.

Section 240(3): *'Each host communities' development trust may receive donations, gifts, grants or honoraria that are provided to such host communities development trust for the attainment of its objectives.'*

Everyday language: The HCDT can receive additional investments, so long as the donations are for achieving the objective of community development.

Interpretation: This provision enables the HCDTs to receive other sources of income, besides the contributions from companies. This could include government grants, private donations from individuals or businesses, international donor funds, or additional donations from companies.

Section 240(4): *'Profits and interests accruing to the reserve fund of host communities' development trust shall also be contributed to the applicable host communities' development trust fund.'*

Everyday language: If the amount of money in the HCDT reserve account increases through interest, then this must be sent to the main HCDT account.

Section 241: *'The constitution of each host communities' development trust shall provide that the applicable host communities trust fund be used exclusively for the implementation of the applicable host communities' development plan.'*

Everyday language: The HCDT will design and adopt a constitution, and this must clearly state that the funds can only be used for implementing the community development plan.

Interpretation: This means that members of the HCDT have two sets of guidelines for governance. First, is the provisions of the PIA, and HCDT regulations. Second, is the HCDT constitution, which will be set up by each HCDT. There is also the "community development plan" to guide the developmental projects of the HCDT.

Section 254: *'The constitution of the host communities' development trust shall contain provisions requiring the Board of Trustees to* (a) *keep account of the financial activities of the host communities' development trust* (b) *appoint auditors to audit the accounts of the host communities' development trust annually.'*

Everyday language: The constitution of the HCDT will say the Board of Trustees must track finances and hire an independent accountant to review accounts every year.

Interpretation: The HCDT bodies are new and must be financially accountable. An independent auditor will check the accounts every year and make sure no unauthorised transfers have been made, and that funds are being managed responsibly. It does not say here whether the audit report will be made available to community members, but it should be, or at least the major recommendations and concerns.

Section 255: *'The constitution of the host communities development trust shall contain provisions requiring the* (a) *management committee to submit a mid-year report of its activities to the Board of Trustees not later than 31st August of the particular year;* (b) *management committee to submit an annual report accompanied by its audited account to the Board of Trustees not later than 28th February of the succeeding year;* (c) *Board of Trustees to submit an annual report of the activities of the host communities development trust accompanied by its audited account to the settlor not later* *than 31st March of the particular year; (d) settlor to submit an annual report of the activities of the host communities' development trust accompanied by its audited account to the Commission or Authority, as the case may be, not later than 31st May of the particular year.'*

Everyday language: The HCDT constitution must state that regular reports must be submitted on activities and accounts. The Management Committee will submit a report to the Board of Trustees, twice a year. The Board of Trustees will submit a report to the company, every year. The company will submit a report to the NUPRC, every year. Each report feeds into the next, so there is a timeframe that allows this to happen.

Interpretation: Reporting will happen regularly, which is expected, so that there can be multiple levels of checks on activities and accounts. However, there is no provision for these reports to be communicated to community members or published.

Section 256: *The funds of the host communities' development trust created under this Act shall be exempted from taxation.*

Section 244: *'The Board of Trustees shall in each year and under section 240 of this Act allocate from the host communities development trust fund, a sum equivalent to: (a) 75% to the capital fund out of which the Board of Trustees shall make disbursements for projects in each of the host communities as may be determined by the management committee in furtherance of the objectives set out in section 234 of this Act, provided that any sums not utilized in a given financial year shall be rolled over and utilized in subsequent year; (b) 20% to the reserve fund, which sums shall be invested for the utilization of the host communities' development trust whenever there is a cessation in the contribution payable by the settlor; (c) an amount not exceeding 5% to be utilized solely for administrative cost of running the trust and special projects, which shall be entrusted by the Board of Trustee to the settlor, provided that at the end of each financial year, the settlor shall render a full account of the utilization of the fund to the Board of Trustees and where any portion of the fund is not utilized in a given year, it shall be returned to the capital fund.'*

Everyday language: Out of all the funds allocated to the HCDT in a particular year, it will be split as follows: 75% for projects ("capital fund"), 20% for savings, and 5% for admin. The Management Committee can identify the project schedule, and make requests for funds, but the Board of Trustees must approve the disbursement. The admin is to be run by the secretary, who will be appointed by the company. Any underspend in the year will be returned to the project account.

Interpretation: Without any information on the amount a HCDT will be allocated, it is not possible to say whether this is a suitable split. If funds are not spent, in any category, then they are to be returned to the capital fund. This will enable multi-year projects where funding needs to be carried over between years. These layers of bureaucracy with its in-built hierarchy may help with accountability, but may also cause delays. The issue here is prioritizing the disbursements for projects based on the needs assessment and community development plan. It is also assumed that in case of emergency like disaster – natural and man-made, relief must also be funded from this 75%. It would be good for constitutions to make clear what qualifies under each fund – e.g. the types of development projects for the capital fund; the types of investments that are allowed using the savings fund; and the types of administrative activities permitted under the admin fund (e.g. do community monitoring activities and consultation forums qualify).

Section 245: *'The settlor shall provide to the Board of Trustees a matrix for distribution of the trust fund to the host communities.'*

Everyday language: This is a simple kind of revenue allocation formula. The company shall develop a "matrix" (or formula) for splitting the total HCDT fund between the communities involved.

Interpretation: Such a revenue sharing formula will be a welcome measure to minimize disagreements. But it could also cause disagreements, so ideally needs to be set through consultations with communities, and direct involvement from members of the Board of Trustees, and Management and Advisory Committees. Ideally this will be based on information from the needs assessment, including population sizes, scale of needs, and overall benefit to the host communities. The allocations can also be designed with collaboration in mind – i.e. can we design projects in different communities that can complement each other, such as farming in one, and processing in our neighbour? And should we include an allocation to a "all communities" fund, for shared infrastructure, such as bridges, electricity, or other shared facilities.

Section 246(1): *'The Board of Trustees shall engage a fund manager to invest the reserve fund as the fund accrues.'*

Everyday language: The BoT will hire a fund manager to manage the reserve (savings) fund. Somebody to find the best banks with interest rates, and make investments that also yield profits.

Interpretation: As at the time of completing this handbook, the NUPRC has already pre-qualified some fund managers and the trust shall choose from this list. This implies that the trust must select from this pre-qualified list. In the GMoU era, this was not the case. The community chose their fund managers. It will be the responsibility of the HCDT to also scrutinize the pre-qualified ones' fund managers before hiring them, and ensure that they align with your plans and risk levels.

Section 257(1): *'Any payment made by the settlor under section 240 (2) of this Act, shall be deductible for the purposes of hydrocarbon tax and companies income tax as applicable.'*

Everyday language: Companies can classify the HCDT payments as an expense, and remove it from their total income, so they pay less tax.

Interpretation: This is one way to incentivise the companies to support HCDTs, as they will not have the added burden of paying taxes on their contributions. As the HCDT also does not have to pay tax (section 256), the government will receive slightly less tax revenues, but this will not be a devastating cut for them.

Section 257(2): *'Where in any year, an act of vandalism, sabotage or other civil unrest occurs that causes damage to petroleum and designated facilities or disrupts production activities within the host communities, the community shall forfeit its entitlement to the extent of the costs of repairs of the damage that resulted from the activity with respect to the provisions of this Act within that financial year: Provided the interruption is not caused by technical or natural cause: (3) The basis for computation of the trust fund in any year shall always exclude the cost of repairs of damaged facilities attributable to any act of vandalism, sabotage or other civil unrest.'*

Everyday language: If the company and the regulator (NOSDRA/NUPRC) claim an oil spill is caused by sabotage, or crude oil theft, then the HCDT will have to pay to fix the damage caused. In addition, any costs for fixing pipelines damaged by sabotage or oil theft will not be included in the OPEX total, which 3% allocation is calculated from.

However – the HCDT regulations take this provision a step further than the PIA

Section 37: *'(2)(d) Value of crude oil, condensates, natural gas liquids or natural gas that was spilled or lost as a result of the act (e) the estimated cost of repair of damage to the settlor's facilities used in upstream petroleum operations, and where the damage requires replacement of the facility, the estimated cost of the replacement (f) in the case of a shut-down of the settlor's operations, the operating expenditures incurred during the period that the production was shut down or where a part of the operations is shut down, the operating costs of the part that was shut down.'*

Everyday language: Just like the PIA, the HCDT regulation states that a HCDT will have to pay for repairs and replacement of damaged infrastructure. But the regulations have added additional costs to be charged to the HCDT: the value of products lost and the operating expenditure incurred during the period that production was shut down.

Interpretation: Apart from the provision of 3% project fund, this may be the most controversial provision of the HCDT section of the PIA. This is understandable because as many analysts have noted it places the responsibility for protecting company infrastructure onto the community members. Communities will not have the capacity to prevent individuals, who are often armed and working in complicity with security agents, from damaging infrastructure or tapping crude oil from pipelines. This provision is being contested in the National Assembly, but for the purposes of this guide, and in the spirit of working with what is in the current version of the laws, it is important for HCDT members to think about what can be feasibly done. Can HCDT projects provide alternative livelihoods for those that go into oil theft and refining, thus minimising the risk of sabotage? Can HCDTs form an alliance with pipeline surveillance companies to checkmate the oil thieves? This is an additional burden for HCDTs, but it is one that they must shoulder, at least for the time being.

PLANNING PROJECTS

Needs assessments

Section 251(1-2): *'(1) The settlor shall after the grant of any licence or lease issued under this Act, conduct a needs assessment ("host communities' needs' assessment") in accordance with this Act and regulations made under this Act. (2) Each host communities needs assessment shall, from a social, environmental, and economic perspective - (a) determine the specific needs of each affected host communities; (b) ascertain the effect that the proposed petroleum operations might have on the host communities; (c) provide a strategy for addressing the needs and effects identified.'*

Everyday language: The company must find the development needs in each community. This must cover social, environmental, and economic development needs. If the company is proposing to increase the number of oil wells, then it must also look at the impacts this might have on the communities. For all the needs, the company must provide steps to address the needs identified.

Interpretation: This is to create a knowledge base for effective planning and implementation of the HCDT projects. The findings of the needs assessment will feed directly into the development plan. It is positive that it covers social, environmental, and economic needs – because development is multidimensional and must address different aspects to be sustainable. It therefore shows that the HCDTs are supposed to address many issues, and not just construct buildings or other infrastructure.

Section 251(3): *'Each host communities needs assessment shall show that the settlor has— (a) engaged with each affected host communities to understand the issues and needs of such host communities; (b) consulted with and considered the reasonable concerns of women, youth and community leaders; (c) engaged with each affected host communities in developing a strategy to address the needs and effects identified in the applicable host communities needs assessment.'*

Everyday language: In the needs assessment, the company must engage with a wide range of people in the host community – including women, young people, leaders, and others. It has to demonstrate that this consultation took place, and that community members were involved in designing the strategies to address the needs.

Interpretation: This is a positive provision to ensure that community members are 'carried along' from the start. It is only through speaking to them that the company can understand their needs, and the solutions. Particular emphasis is placed on women and young people, as they are often shut out of decision making. This should also include people living with disabilities. The company may be tempted to use old needs assessments it carried out before, e.g. for CSR projects. But this should be avoided, as needs change with time, as do available solutions.

Development plans

Section 252: *'The host communities' development plan shall be based on the matrix provided for in section 245 and such single plan shall— (a) specify the community development initiatives required to respond to the findings and strategy identified in the host communities needs assessment; (b)* *determine and specify the projects to implement the specified initiatives; (c) provide a detailed timeline for projects; (d) determine and prepare the budget of the host communities development plan; (e) set out the reasons and objectives of each project as supported by the host communities needs assessment; (f) conform with the Nigerian content requirements provided in the Nigerian Oil and Gas Industry Content Development Act; and (g) provide for ongoing review and reporting to the commission.'*

Everyday language: The development plan will outline how the HCDT will address the needs of the communities, the specific projects that will be implemented to achieve these solutions, along with a timeline, budget, and plans for reviewing progress, and reporting this to NUPRC.

Interpretation: The development plan is the central document that will guide HCDT projects. It will outline the solutions to community needs, and the specific approach to addressing these. No structure is provided for the company to write the plan, but it should be aligned with best practice project management approaches (e.g. the vision, intended outcomes, outputs, activities, performance indicators, timeframes, roles and responsibilities, and budgets). While there are no specific provisions to encourage consultation, it is extremely important that community members are consulted during the design of this document. It is also important that they are part of regular reviews, so they can provide feedback on progress, and help improve planning going forwards.

STRUCTURE

Body	Composition	Project roles	Administrative roles
Regulator – Nigerian Upstream Petroleum Regulatory Commission (NUPRC)	Civil servants appointed by the FGN	Review and approve community development plans.	• Approve Board of Trustee nominees. • Manage dispute resolution mechanisms. • Make regulations on the administration, guidance, and utilisation of funds. • Oversee contracting and project implementation by BoTs. • Investigate fraud and mismanagement
Settlor – Oil and gas companies	Oil and gas company staff	Undertake a needs assessment to define the issues that need to be addressed, then design the community development plan.	• Incorporate HCDTs with the Corporate Affairs Commission, after completing the needs assessment. • Make annual contributions to HCDTs. • Appoint BoTs in consultation with host communities. • Determine procedures and regulations for BoTs. • Submit an annual report on projects and finances to the Regulator.
Board of Trustees (BoT)	Members of the host communities, appointed by the Settlor, in consultation with host communities. Odd number of trustees (<9) serving a maximum of two four-year terms. Plus a Secretary appointed by the Settlor.	Approve and oversee projects under the development plan.	• Responsible for general administration of HCDTs. • Set up management committees and appoint members. • Determine procedures and regulations for management committees. • Determine the process for allocating funds to specific development programmes. • Keep account of finances. • Submit an annual report on projects and finances to the Settlor.

Body	Composition	Project roles	Administrative roles
Management committee	Executive members: Individuals with experience in accountancy, finance, law, or project management. Selected by the BoT, not necessarily from host communities. Non-executive members: One representative of each host community, nominated by the community. Unspecified number of members, serving a maximum of two four-year terms.	Prepare budgets, run contracting processes, and supervise project implementation under the development plan.	• Responsible for the general administration of HCDTs. • Prepare budgets and submit to BoT • Manage the procurement and contract award process. • Report on activities of management committee, contractors, and other service providers • Set up advisory committees and appoint members. • Determine procedures and regulations for advisory committees. • Submit a mid-year and annual report on projects and finances to the BoT.
Advisory committee	One representative of each host community, unspecified number or term limit.	Articulate and advise on community development projects to the management committee, and monitor and report progress of projects being executed.	• Monitor and report progress of projects to Management Committees. • Nominate members to represent host communities on management committees.

There are additional provisions relevant to the HCDT structure that are important to consider:

Section 242 (1-2): *'(1) The constitution of the host communities' development trust shall contain provisions requiring the Board of Trustees to be set up by the settlor, who shall determine its membership and the criteria for their appointment, provided that the membership of the Board of Trustees of the host communities' development trust shall be subject to the approval of the commission or authority as the case may be. (2) The settlor shall, in consultation with the host communities, determine the membership of the Board of Trustees to include persons of high integrity and professional standing, who shall come from the host communities and the Members of the Board of Trustees shall elect a Chairman from amongst themselves.'*

Everyday language: The company has the power to select the Board of Trustees, but this must be decided through consultations with the communities. The Board will then select its own chairman from among its members. All appointments must be approved by the NUPRC.

Interpretation: This provision takes away the power of host communities to nominate members of the Board of Trustees. Communities should have a say in the nomination, in the consultations initiated by the company. In the past, many communities have focused more on representation as criteria for leadership, but this time it must combine integrity, professionalism and community service.

Section 242(3): *'The settlor shall determine- (a) The selection process, procedure for meeting, financial regulations and administrative procedures of the Board of Trustees; (b) the renumeration, discipline, qualification, disqualification, suspension and removal of members of the Board of Trustees; and (c) other matters other than the above relating to the operation and activities of the Board of Trustees.'*

Everyday language: The company shall determine how the BoT shall operate.

Interpretation: This provision means that accountability is facing upwards, rather than downwards i.e. that the settlor has more influence over the HCDT structure than the communities. This risks serving the interests of the companies and not the communities. But this is the law, and the host communities must make sure that they make inputs via the available channels (e.g. through the advisory committees), and press the BoT to be transparent about plans, and consult with community members as much as possible.

Section 235(6b): *'The Commission or Authority, as the case may be, shall have the oversight responsibility for ensuring that the projects proposed by the Board of Trustees are implemented.'*

Everyday language: The NUPRC will oversee the Board of Trustees and make sure they are implementing projects as planned.

Interpretation: It sounds like the company is responsible for setting up the BoT and ensuring that it functions correctly, while the NUPRC is responsible for verifying that the BoT has implemented proposed projects. There is some cross-over between these two oversight roles, but both bodies should be accessible for feedback, and take actions when needed. It remains to be seen whether the NUPRC will be able to oversee all HCDTs effectively. As the system is designed with "upwards-facing accountability", there is no "downwards-facing accountability" for the BoT towards the Management or Advisory Committees, nor members of the host communities. This could lead to problems if the community members do not have formal channels to provide feedback on the performance of the BoT.

ANNEX 3

LIST OF OIL MINING LICENCES (OMLs) AND OPERATORS

OML	OWNERS	STATE	OPERATOR
4	SEPLAT-45%,NPDC-55%	Edo	SEPLAT
11	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Rivers	Shell Petroleum Dev. Coy Ltd. (SPDC)
13	NPDC-100%	Akwa Ibom	NIGERIA PET. DEV. CO. (NPDC)
17	NNPC-55%, TNOG 45%	Rivers	TNOG Oil and Gas
18	EROTON-45%, NNPC-55	Rivers	EROTON E&P CO. (EROTON)
20	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Rivers	Shell Petroleum Dev. Coy Ltd. (SPDC)
21	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Rivers	Shell Petroleum Dev. Coy Ltd. (SPDC)
22	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Rivers	Shell Petroleum Dev. Coy Ltd. (SPDC)
23	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Rivers	Shell Petroleum Dev. Coy Ltd. (SPDC)
24	NEWCROSS E&P-45%, NNPC-55%	Rivers	NEWCROSS E & P
25	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Rivers	Shell Petroleum Dev. Coy Ltd. (SPDC)
26	FIRST HYDROCARBON-45%, NPDC 55%	Delta	FIRST HYDROCARBON NIG. LTD
27	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Rivers	Shell Petroleum Dev. Coy Ltd. (SPDC)
28	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Rivers	Shell Petroleum Dev. Coy Ltd. (SPDC)
29	Aiteo - 45%, NNPC - 55%	Bayelsa	Aiteo Eastern E&P Co. Ltd (Aiteo)
30	NPDC-55%, SHORELINE NAT RESOURCES-45%	Delta	SHORELINE NATURAL RESOURCES.
31	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Bayelsa/ Delta	Shell Petroleum Dev. Coy Ltd. (SPDC)
32	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Rivers	Shell Petroleum Dev. Coy Ltd. (SPDC)
33	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Bayelsa	Shell Petroleum Dev. Coy Ltd. (SPDC)
34	NPDC-55%, ND WESTERN-45%	Delta	ND WESTERN LTD.
35	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Delta	Shell Petroleum Dev. Coy Ltd. (SPDC)
36	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Bayelsa	Shell Petroleum Dev. Coy Ltd. (SPDC)
38	SEPLAT-45%,NPDC-55%	Delta	SEPLAT
40	NPDC-55%, ELCREST-45%	Delta	ELCREST E&P NIG. LTD
41	SEPLAT-45%,NPDC-55%	Delta	SEPLAT

OML	OWNERS	STATE	OPERATOR
42	NECONDE-45%, NPDC-55%	Delta	NECONDE ENERGY LTD
43	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Delta	Shell Petroleum Dev. Coy Ltd. (SPDC)
45	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Delta	Shell Petroleum Dev. Coy Ltd. (SPDC)
46	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%	Delta	Shell Petroleum Dev. Coy Ltd. (SPDC)
49	NNPC - 60% - CNL - 40%	Delta (offshore)	CHEVRON NIG. LTD.
51	NNPC - 60% - CNL - 40%		CHEVRON NIG. LTD
52	AMNI 40%, NNPC - 60%		Amni Int'l Pet. Dec. Co. Ltd
53	SEPLAT-45%,NPDC-55%	Imo	NPDC/SEPLAT
55	Belema Oil - 40%, NNPC 60%	Rivers (offshore)	BELEMAOIL PODUCING LTD
58	NNPC- 60%, TOTAL-40%	Delta (offshore)	TOTAL EXP & PROD.NIG.LTD.
59	CONOIL - 100%	Rivers	Continental Oil and Gas Company Ltd.
60	NNPC-60%, NAOC-20%, OANDO-20%	Imo/Delta	NIGERIA AGIP OIL CO. LTD
61	NNPC-60%, NAOC-20%, OANDO-20%	Rivers	NIGERIA AGIP OIL CO. LTD
62	NNPC-60%, NAOC-20%, OANDO-20%	Delta	NIGERIA AGIP OIL CO. LTD
63	NNPC-60%, NAOC-20%, OANDO-20%	Bayelsa	NIGERIA AGIP OIL CO. LTD
64	NPDC-100%	Delta	NIGERIA PET. DEV. CO. (NPDC)
65	NPDC-100%	Edo	NIGERIA PET. DEV. CO. (NPDC)
66	NPDC-100%		NIGERIA PET. DEV. CO. (NPDC)
67	NNPC-60%, MPN-40%	Akwa Ibom (offshore)	Mobil Producing Nig. Unlimited
68	NNPC-60%, MPN-40%	Akwa Ibom (offshore)	Mobil Producing Nig. Unlimited
70	NNPC-60%, MPN-40%	Akwa Ibom (offshore)	Mobil Producing Nig. Unlimited
71	WAEP/DANGOTE-45%, NNPC-55%		WEST AFRICAN E&P CO.LTD (WAEP)
72	WAEP/DANGOTE-45%, NNPC-55%		WEST AFRICAN E&P CO.LTD (WAEP)
74	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%		Shell Petroleum Dev. Coy Ltd. (SPDC)
77	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%		Shell Petroleum Dev. Coy Ltd. (SPDC)

OML	OWNERS	STATE	OPERATOR
79	NNPC-55%, SPDC-30%,ELF-10%, AGIP--5%		Shell Petroleum Dev. Coy Ltd. (SPDC)
83	FIRST E&P/DANGOTE-45%, NNPC-55%	Bayelsa	FIRST E&P
85	FIRST E&P/DANGOTE-45%, NNPC-55%	Bayelsa	FIRST E&P
86	NNPC - 60% - CNL - 40%	Delta (offshore)	CHEVRON NIG. LTD.
88	NNPC - 60% - CNL - 40%		CHEVRON NIG. LTD
89	NNPC - 60% - CNL - 40%	Delta (offshore)	CHEVRON NIG. LTD.
90	NNPC - 60% - CNL - 40%	Delta (offshore)	CHEVRON NIG. LTD.
91	NNPC - 60% - CNL - 40%		CHEVRON NIG. LTD.
95	NNPC - 60% - CNL - 40%	Delta (offshore)	CHEVRON NIG. LTD
96	DUBRI - 100%	Edo	DUBRI OIL CO. (NIG.) LIMITED
98	NPDC-100%	Delta/Edo	NNPC
99	NNPC 60% - TOTAL - 40%	Delta (offshore)	TOTAL EXP & PROD. NIG. LTD.
100	NNPC-60%, TOTAL-40%	Delta (offshore)	TOTAL EXP & PROD.NIG.LTD.
102	NNPC - 60% - TOTAL - 40%	Delta (offshore)	TOTAL EXP & PROD.NIG.LTD.
103	CONOIL - 100%		CONOIL PRODUCING LTD
104	NNPC-60%, MPN-40%	Akwa Ibom (offshore)	Mobil Producing Nig. Unlimited
108	EXPRESS-57.5%,SHEBBAH-40%,CAMAC-2.5%		EXPRESS PEaTROLEUM & GAS CO. LTD
109	ATLAS - 70%, SUMMIT OIL - 30%	Offshore	ATLAS PETROLEUM NIG. LTD
110	Cavendish-100%		CAVENDISH PETROLEUM NIG. LTD
111	NPDC-100%	Edo	NIGERIA PET. DEV. CO. (NPDC)
112	AMNI - 60%, ELF - 40%	Offshore	Amni International Petroleum Ltd
113	Yinka Pet-69% VITOL-12.831%, EER-9%, PAN PET.-6.502, MX-2.667	Lagos	Folawiyo Pet. Co. Ltd
114	MONIPULO-60% LUDAL-40%	Cross River	Moni Pulo Ltd
115	ORIENTAL-100%		ORIENTAL ENERGY RESOURCES LTD
116	NNPC-100%	Bayelsa	Agip energy and natural resources (AENR)
117	AMNI - 60%, ELF - 40%	Offshore	Amni International Petroleum Ltd

OML	OWNERS	STATE	OPERATOR
118	SNEPCO-55%, Exxon-20%,Eni-12.5%,Elf-12.5%	Offshore	Shell Nig Exp & Prod. Co. Ltd
119	NPDC-100%		NIGERIA PET. DEV. CO. (NPDC)
120	Allied - 97.5%, CAMAC - 2.5% (Erin Energy - 100%)	Offshore	Allied Energy Resources Nig. Ltd
121	Allied - 97.5%, CAMAC - 2.5% (Erin Energy - 100%)		Allied Energy Resources Nig. Ltd
122	PEAL-(95 OIL/88 GAS),OANDO (5 OIL/12 GAS)		PEAK PETROLEUM INDUSTRIES NIG. LTD
123	ADDAX-100%	Rivers	ADDAX PETROLEUM (ADDAX)
124	ADDAX-100%	Imo	ADDAX PETROLEUM (ADDAX)
125	ENI-85%, OANDO-15%	Offshore	NIGERIA AGIP EXPLORATION (NAE)
126	ADDAX-100%		ADDAX PETROLEUM (ADDAX)
127	NNPC - 50%, CNL - 32%, FAMFA - 10%, PETROBRAS - 8%	Delta (offshore)	Famfa /Star Deep Water Pet. Ltd.
128	STATOIL-53.85%, CNL-46.15%		Statoil (Nigeria) Limited
129	STATOIL-53.85%, CNL-46.15%	Delta (offshore)	Statoil (Nigeria) Limited
130	CNOODC-45%, South Atlantic.-15%, Petrobras-16 %, TOTAL-24%	Rivers	South Atlantic Pet. Ltd.
131	Oando - 52.5%, Exxon Mobil - 47.5%		OANDO PLC
132	CHEVRON - 100%		CHEVRON NIG. LTD
133	EXXON - 56.25%, SNEPCO-43.75%	Offshore	ESSO E&P. LTD
134	ENI-85%, OANDO-15%		NIGERIA AGIP EXPLORATION (NAE)
135	SNEPCO-55%, Exxon-20%,Eni-12.5%,Elf-12.5%		Shell Nig Exp & Prod. Co. Ltd
136	CONOIL - 60%, TOTAL 40%	Offshore	CONOIL PRODUCING LTD
137	ADDAX-100%		ADDAX PETROLEUM (ADDAX)
138	SINOPEC-20%,EXXON-30%,CNL-30%,NEXEN-20%	Offshore	TOTAL EXP &PROD.NIG.LTD.
139	TOTAL - 100%		TOTAL EXP &PROD.NIG.LTD.

OML	OWNERS	STATE	OPERATOR
140	PSA Partner: Oil & Gas 10%, Star Ultra Deep 40%; PSC Partner: NNPC 50%		OIL AND GAS NIG. LTD.
141	Emerald-53.9%, AMNI INTL- 44.1%, SUPERNOVA ENERGY (BLUEWATER GROUP)-2%		EMERALD ENERGY RES. LTD
142	SUMMIT-30%, SUNTERA-70%		Summit Oil International
143	Sterling Global 80%, ALLENE 20%	Delta	Sterling Oil E&P Production Co. Ltd (SEEPCO)
144	SUNLINK-60%, SHELL-40%		Sunlink Petroleum Limited
145	ESSO 20%, Svenska 20%, Phillips 20%, Chevron 20%, NPDC 15%, Sasol 5%		ESSO E&P. LTD
146	Sterling Global 80%, Sandesara 20%	Imo	Sterling Oil E&P Production Co. Ltd (SEEPCO)
147	PANOCEAN 100%		PAN OCEAN /ANIOMA
148	ENAGEED 100%		ENAGEED RESOURCES LTD.
149	NAOC - 48%, Global Energy 42%, BLJ Energy Ltd - 10%		Gec Pet. Dev. Company Ltd (Global Energy)
150	CONOIL - 100%		Continental Oil and Gas Coy Ltd. (CONOG)
151	GEC 100%		Gec Pet. Dev. Company Ltd (Global Energy)
152	Newcross-100%		NEWCROSS PETROLEUM LTD.
153	CONOIL - 100%		CONOIL PRODUCING LTD
154	TEPNG 18%,Esso 27%,Chevron 27%,Nexen 18%,NPDC10%		ESSO E&P. LTD

SDN

STAKEHOLDER DEMOCRACY NETWORK
NIGER DELTA