

**EMERGING ISSUES ON THE PETROLEUM  
INDUSTRY ACT (PIA) HOST COMMUNITY  
DEVELOPMENT TRUST IMPLEMENTATION**

## EXECUTIVE SUMMARY

To address the absence of social licence by the oil and gas companies operating in the oil and gas producing communities which created a hostile operating environment that encourages oil theft, frequent vandalization of oil installations and other criminal activities under the pretext of self-provision of needed socio-economic infrastructures<sup>1</sup>; the Petroleum Industry Act (PIA) 2021 was enacted with chapter three making copious provisions for the establishment and operations of Host Community Development Trust (HCDDT).

The PIA 2021, the NUPHCDT Regulations and the Constitution govern the establishment and operations of the HCDDTs. With the settlers, HCDDT Leaders, the NUPRC, Host Communities and civil society organizations as important stakeholders. The purpose of establishing the HCDDTs is to bring sustainable prosperity to the host communities and to foster peaceful co-existence between the settlor and the host communities.

Timelines were put in place in the legal framework for the establishment of the HCDDT. 103 HCDDTs were incorporated with the CAC<sup>2</sup> as of February 23, 2024, another report says 167 trusts were created as at June 18, 2024. Between February 23 and June 18, 64 trusts were established. It is a given that few trusts would have been incorporated between February 23, 2024 and March 1, 2025. Implying that nearly 30% of the license holders of upstream oil and gas assets in Nigeria have not established a trust for their respective host communities as at June 18 2025 respectively three years after the PIA was enacted.

The funding status of the HCDDTs, 70 trusts have been funded with the sum of more than N80Billion and the dollar components is more than US\$150Million, out of 167 trusts that have been created<sup>3</sup> as of June 18, 2024. This implies that 97 trusts that were incorporated were yet to be funded three years after the PIA was enforced, and over 166 upstream petroleum licence holders were yet to fund a trust.

Other emerging issues as observed in this report include

### Key Findings

- **First meeting not held in many most community:**

Section 235(4) provides that *“the settlor shall for the purpose of setting up the Trust, in consultation with the host communities, appoint and authorize a board of trustees.”* Regulation 12(1a) says *“prior to the incorporation of a Trust, the first trustees shall be appointed in consultation with the host communities.”* We have observed that in many instances, the meetings where the first trustees were nominated most members of the host communities were not aware. For Instance, Ntak Inyang Community of Esit Eket Local Government Area of Akwa Ibom State, one of the host communities of Mbo/Esit HCDDT of Universal Energy Resources Limited/Sinopec, the village head, the council of chiefs, the youths and women were not aware that Universal Energy has nominated some persons from their community to be a member of the first trustee, Management Committee and Advisory Committee of its proposed Trust. In the four HCDDTs engaged, meetings are not held in the first trustees were nominated at the back of most host community actors, selected into the board by power brokers at the local government levels and by the traditional stools.

- **Old guards, former settlers' employees, political/traditional elites still control and dominate HCDDT Boards**

In the number of Trust that have been established, we have seen a new trend, where either former settlers' employees, political elites or even traditional ruling elites<sup>4</sup> from host communities are dominating and controlling the board of trustees. The Vanguard reported thus: *“Emuh stated that traditional rulers were not supposed to influence the process, but*

1. <https://www.mondaq.com/nigeria/oil-gas-electricity/1225740/can-host-community-development-trusts-resolve-the-social-licence-issues-in-the-oil-producing-communities>

2. <https://www.nuprc.gov.ng/nuprc-inaugurates-bot-forum-for-host-community-trust-implementation/#:~:text=in%20the%20Act,-Engr.oil%20industry%2C%E2%80%9D%20he%20added>

3. <https://www.thisdaylive.com/index.php/2024/06/18/host-communities-development-trusts-get-n80bn-for-projects/>

4. <https://www.vanguardngr.com/2023/10/pia-3-opex-confusion-as-oil-firms-seize-host-communities/>

*regrettably, the oil companies and chiefs were handpicking individuals and registering them in the Corporate Affairs Commission, CAC<sup>5</sup>. It has been observed oil and gas companies prefer to relate and interface with persons they have established relationships with (benefit captors) than persons chosen by the communities or have a track record of leading community demands.*

- ***Most Community Needs Assessment and Community Development Plans (CDP) have no community stakeholders' input***

In our engagement with several host communities during the process of incorporating the HCDDT, we heard from host community stakeholders across all demographics, that they were not aware of the community needs assessment done by the settlors and their proposed board of the Trustees. Sometimes they select certain individuals across their host communities to populate their host community needs assessment trust, one cannot ascertain with certainty that the content of the needs assessments was suggested by the community. Other times the community needs assessment are populated by the elites of the local government areas that the cluster of host communities belong to.

- ***Timelines not respected as stated in the Act and Regulation***

The Act provides the following timelines: 12 months for existing license holders to establish the trust, and new license holders under the PIA regime to establish the trust before commencing their EIA. alongside with other subsidiary timelines to conduct needs assessment, pay the 3% OPEX, appoint management and advisory committees. It was observed and documented that one year after the Act was enacted, no trust was established flouting Section 236 of the PIA 2021 and Regulation 24(2) of the NUPHCDT Regulation 2022. Two years and three months after only 81 HCDDTs were incorporated with the Corporate Affairs Corporation (CAC) out of 206 upstream assets; of these 81 HCDDTs incorporated only 43 HCDDT accounts were funded. Even when the trusts were incorporated it takes more than 30 days to pay the 3% OPEX to the Trust Fund accounts. It took more than 30 days for incorporated Trusts to appoint and recruit the management committee. After the Management Committees were appointed, it still took more than 30 days to appoint the advisory Committee. The US\$2,500 daily administrative fine for 30 days was not imposed on the 125 settlors that failed to incorporate the HCDDT two years after, and no specific sanctions for 38 settlors that incorporated the HCDDTs but failed to pay the 3% OPEX to their trust accounts.

- ***Unpublished accounts of settlors***

Shell Petroleum Development Company (SPDC) Ltd Joint Ventured claimed to have disbursed a total of N3.72 billion and another \$12.32 million to host community in compliance with the PIA as its 3% OPEX for the 25 trusts it has incorporated.<sup>6</sup> Total Energies also claimed to have allocated US\$15million to the five trusts it has incorporated.<sup>7</sup> As at the time some of the International Oil Companies, like Shell Petroleum Development Company, Total Energies and Mobil Producing Nigeria Unlimited established their HCDDTs, they announced that they have paid their 3% OPEX. the Four HCDDTs we engaged, none could confirm whether the 3% OPEX paid was verified by the BOT or the Host communities. 3% OPEX is what the companies pays, not what the law prescribed.

- ***Increased number of petitions/litigations between host communities and settlors***

There have been several petitions hindering the incorporation of the HCDDTs for many host communities across the Niger Delta. The reasons accountable for these petitions are the old

5. <https://www.vanguardngr.com/2023/10/pia-3-opex-confusion-as-oil-firms-seize-host-communities/>

6. <https://www.energyfocusreport.com/spdc-jv-disburses-n3-72-billion-for-community-development-under-pia-as-more-trusts-are-unveiled/>

7. <https://www.theinfostride.com/totalenergies-enriches-host-communities-with-a-15-million-fully-funded-trust-nuprc-celebrates/>

tactics of divide and rule, imposition of board members by the settlors for host communities, exclusion of host communities<sup>8</sup> or inclusion of communities<sup>9</sup> in a trust, unnecessary involvement of the regulator in the affairs of the trust<sup>10</sup>, and the vexatious provision mandating host communities to protect oil and gas companies' facilities or risk losing their 3% OPEX<sup>11</sup>. These factors are responsible for the delays in incorporating most HCDTs across the Niger Delta.

- **Less inclusion of women, youths and PWDs in Trust Structure**

Regulation 12(4) provides that *“without prejudice to the provisions of the Act and these Regulations, a settlor shall give due consideration to diversity as it relates to age, gender and physical disability in determining the criteria for appointment to the Board of Trustees.”* But the HCDT structures as presently constituted have once again been dominated and controlled by men, contrary to the provision of the law. The male gender dominates most board of trustees of the trust and chairs them; only a few women are found in the management committee and advisory committee. Youths and people with disabilities (PwDs) are largely excluded in the entire trust structure. If women, youths and PwDs are not in the position of decision making how can their needs be aggregated and who can advocate for their interest?

- **Most deep offshore asset settlors are yet to establish their Trust:**

We have observed that all the deep offshore asset settlors are yet to establish their trust for littoral communities in their respective state coastlines in line with Regulation 6(2) of the NUPHCDT Regulation 2022. Since, these assets are not within the host communities, they could hardly make demands for the establishment of the trust on the settlors. And because this regulation placed the responsibility on the regulator to assign littoral communities to the settlors, most deep offshore settlors have decided to nothing until the regulator does its responsibility.

- **Regulatory Weakness:**

In the two years and three months since the PIA came to force no settlor or defaulting company, HCDT have been sanctioned. In the 2 ¼ years of the PIA enactment, none of the defaulting 125 oil and gas companies who failed to establish a trust were sanctioned for breaching Section 236 of the Act. The regulator failed to implement the sanctions clearly provided Regulation 9(1) (2) and (3) NUPHCDT Regulation 2022.

- **Merger of several area of operations to establish fewer HCDTs**

The 3% OPEX is calculated based on the area of operations. Regulation 24(4) provides that *“where the settlor is responsible for host communities in different areas of operation, the 3% share of the operating costs shall be determined based on the operating costs that are attributable to each area of operation.”* Different areas of operations mean different or separate trusts where the 3% OPEX of the particular area of operations will apply. In the establishment of some Trusts, we have observed that settlors are merging several areas of operations to form a single trust or number of trusts less than the number of areas of operations. A typical example is Mobil Producing Nigeria Unlimited, the operator of OMLs 67, 68, 70 and 104, all shallow water assets in Akwa Ibom State. Out of these four areas of operations, MPNU was supposed to establish four trusts in accordance with the law, but it only establishes two trusts.: *“the Incorporated Trustees of NNPC/MPN JV EMOIMEE Host Community Development Trust (Eket, Mbo, Onna, Ikot Abasi, Mkpata Enin, Esit Eket and Eastern Obolo communities), and the Incorporated Trustees of NNPC/MPN JV Ibena Host Community Development Trust (Ibena community)”*<sup>12</sup>

8. <https://www.vanguardngr.com/2023/10/pia-3-opex-confusion-as-oil-firms-seize-host-communities/>

9. <https://tribuneonline.ng/delta-community-threatens-lawsuit-over-exclusion-from-chevrons-trust-fund/>

10. <https://www.vanguardngr.com/2023/09/iwere-community-trust-contravenes-pia-delta-oil-producing-communities/>

11. <https://sweetcrudereports.com/csos-communities-drag-fg-to-court-over-pia-development-trust/>

12. [https://editor.guardian.ng/news/exxonmobil-nnpc-inaugurate-host-community-trusts-in-aibom/?utm\\_source=ground.news&utm\\_medium=referral](https://editor.guardian.ng/news/exxonmobil-nnpc-inaugurate-host-community-trusts-in-aibom/?utm_source=ground.news&utm_medium=referral)

## POLICY RECOMMENDATIONS

- ***Continuous sensitization for host communities:***

To prevent the hijack of HCDDT funds and curtail the influence of benefit captors, there is need for continuous sensitization of host communities. Most indigenes of host communities are still ignorant of the provisions of the PIA and NUPHCDDT Regulations, their lack of awareness have created huge gaps for the settlers and elites from their communities and local government areas to exploit. Continuous sensitization programmes on radio, town hall meetings and social media campaigns will close this gap and amplify the voices of host community actors. NUPRC should cease every window of opportunity to sensitize host community citizens especially by collaborating with the media and civil society organizations.

- ***Verify the Information of Proposed Trust before Approval.***

The regulator should double check the information sent to it by settlers who proposed to establish the trust. The imposition of board members on the HCDDT can be curtailed if the settlers can provide evidence, picture, video and attendance list of host communities people who participated in the nomination and appointment of their board members in the Trust. NUPRC should confirm and verify this information independently with the host communities in the trust clusters. Where host communities deny knowledge of such meetings, the settlor must be asked to hold another meeting with the host communities with the regulator present as an observer.

- ***Implementation of the sanctions on erring settlers:***

The same way the regulators will not waste time to implement sanctions on defaulting oil and gas companies that fail to pay their signature bonuses, taxes, fines and royalties to government at their due deadlines, we expect the regulator (NUPRC and NMDPRA) to commence the implementation of sanctions on defaulting settlers that have failed to establish their trust 2 years after, and ensure that they pay the two years arrears on the 3% OPEX that host communities are entitled, because they have been operating and doing business under the PIA regime. Host communities should not be shortchanged for settlers who deliberately defaulted. Regulation 24(2) has already envisaged that the first 3% OPEX should cover for August 16, 2021 to August 15, 2022.

- ***NUPRC to observe meetings between settlers and host communities:***

Moving forward, the regulator should be aware of the first meetings that the settlers will hold with their respective host communities and be in attendance as an observer. This is to ensure that the provisions of the law are strictly adhered to and BOT members are nominated by the people.

- ***NUPRC, CSOs and Media to Monitor Bidding Process in the HCDDT:***

A proper tender process should be instituted in the trust system. From the determination of tender requirements to the advertisement of tender opportunity and announcement of bid winners the regulator, independent observers from reputable civil society organisations and media can cover the process to ensure that bid winners have the expertise, meet the tender requirements, and could deliver value for the cost they have proposed for the contract. This is also necessary to forestall favoritism.



- ***Inter-agency collaboration between CAC, FIRS and NUPRC for the disclosure of annual returns of upstream settlers***

There should be inter-agency collaboration between the CAC, the FIRS and the NUPRC on the disclosure of oil and gas companies' annual returns. We have observed that most oil and gas companies are not filing their annual returns with the CAC, and their inactive status on the beneficial ownership and CAC portals does not seem to bother them since it does not affect their operations. We recommend that the CAC in collaboration with the FIRS and NUPRC make the filling of annual returns for all upstream oil and gas companies compulsory by making the sector the pilot for the reforms. This is important to make host communities have confidence on the process and on the regulator.

- ***Details of Contracting Companies, their Beneficial Owners and the Contract Information be published***

All the companies that have won contracts through a bidding process in the HCDDTs, the details of the companies, the natural owners of the companies and the contracts they have won should be in public domain. This will enable host communities to track and audit project implementation, know the owners of the companies and ensure projects are implemented according to contract terms and project specification. This will also proactively prevent conflict of interest issues and the diversion of trust money.

- ***Strict Adherence to Gender and Social Inclusion Provision of Regulation 12(4)***

All HCDDT constitutions must have provisions that speak to gender and social inclusion as stated in Regulation 12(4). The regulator, should place a quota for men, women, youths and PwDs inclusion in the appointments into the Board of Trustees, Management Committee and Advisory Committees of the trust. Any trust that does not meet the requirement should be sanctioned.

- ***Disclosure of Host Communities Development Plans and Annual Budgets***

To track the trust projects implementation by members of the respective host communities, civil society organisations and the media, there is need for all the development plans and annual budgets of the trust submitted to the NUPRC to be published. This will enable concerned citizens and accountability actors to engage the process and track the implementation of the budgets and development plans, so that where there are infractions it could be noticed on time and addressed. We recommend each trust to have a website where these fiscal documents could be proactively uploaded and accessed by host communities and accountability actors.

- ***One Asset, One Trust***

The regulator must ensure that no settlor merges more than one asset to create only a trust or fewer trusts compared to the number of assets it operates. NUPRC must ensure the one asset, one trust principle is strictly adhered to by settlers operating contiguous assets. This is to make it easier to calculate the 3% OPEX for each area of operation and the host communities within the area of operations have a trust for themselves. Merging several areas of operations is a recipe for crisis, especially between and among host communities, as some host communities might be shortchanged in terms of appointment in trust structures, funding matrix and distribution of projects.

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## **Why Emerging Issues in the HCDT Model**

The chapter 3 of the Petroleum Industry Act (PIA) 2021 provided the legal framework that support the development of host communities, the Act and the Nigeria Upstream Petroleum Host Communities Development Trust (NUPHCDT) Regulation 2022, provided both the guide and template upon which the Host Community Development Trust (HCDT) were to be established. The understanding of this piece of legislation, and the implementation by settlors as they interface with their host communities, have introduced practices that the drafters of the law never envisaged. Within the first two years of the HCDT implementation we have witnessed the slow implementation of chapter of 3 of the PIA, practices that were strange to the provisions, clear abuse and disregard to extant provisions, no sanctions by the regulator as prescribed in the law, inter and intra-community crises and several litigations that hindered the establishment and the smooth take of the HCDT. We decided to verify some of these facts in the field by engaging stakeholders across 4 HCDTs in Akwa Ibom State to understanding the reasons behind these emerging issues and to make actionable recommendations that will strengthen the implementation of HCDTs.

This report on Emerging Issues in the HCDT Model by Policy Alert with support from Budgit Foundation and Oxfam Nigeria, take a closer look at the frameworks and guide for the Establishment of HCDT in Nigeria as provided for in the PIA and NUPHCDT Regulation vis-a-vis the adherence in line with provisions and the actual practice that has happened outside law using as a case study HCDTs in Akwa Ibom State, Nigeria.

### **OBJECTIVES AND APPROACHES**

The objective of the 'Emerging Issues in HCDT Model' were

- (i) To highlight key provisions of the PIA the host communities development provisions (chapter 3) of the Petroleum Industry Act (PIA) 2021 that guides the setting up of the trust.
- (ii) to conduct a desk research and interview relevant actors on the challenges of establishing and funding the trust
- (iii) To put policy recommendations for strengthening the implementation of the HCDTs and for reviewing the PIA's provisions

Four HCDTs in Akwa Ibom State -namely Ibeno HCDT of MPNU/NNPC JV, EMOIMMEE HCDT of MPNU/NNPC JV, Mbo/Esit Eket HCDT of Universal Energy Resource Limited/Sinopec, and Ekid HCDT of Frontier Oil Limited/Savannah Petroleum Limited across eight (8) Local Government Areas of Akwa Ibom State -were selected for this study. Based on a qualitative research design that emphasized literature review, interviews, focused group discussions, town hall meetings and project tracking from the HCDTs, the researcher captured diverse perspectives on the risk of corruption in the HCDT Model being implemented in Nigeria. Stakeholders engaged include company's secretary, Board Members, Management and Advisory Committee Members of the HCDTs, Traditional Rulers, Community Youths and women, HCDT project beneficiaries, and civil society actors

### **BACKGROUND**

Over the years, several benefit transfer mechanisms were established to bring developments and succour to oil and gas host and impacted communities across the Niger Delta region. Beginning with the Oil Mineral Producing Areas Development Commission (OMPADEC), then the Niger Delta Development Commission (NDDC), the 13% Derivation Fund, the Ministry of Niger Delta Affairs (MNDA), the Nigeria Content Development and Monitoring Board (NDCMB), the Presidential Amnesty Programme (PAP), and (Global) Memorandum of Understandings (GMOUs) between oil and gas companies and their host communities, all of these benefit transfer mechanisms have failed to address the concerns of host communities and compensate for the decades of exploitation and despoliation of their natural resources and environment. To address the absence of social licence by the oil and gas companies operating in the oil and gas producing communities which concerned industry operators and policy experts have opined has created a "hostile



operating environment that encourages oil theft, frequent vandalization of oil installations and other criminal activities under the pretext of self-provision of needed socio-economic infrastructures<sup>13</sup>; the Petroleum Industry Act (PIA) 2021 was enacted with chapter three making copious provisions for the establishment and operations of Host Community Development Trust (HCDDT). The idea is to give host communities a sense of ownership by making them direct beneficiaries of the oil and gas resources extracted at their backyards so that they can protect the infrastructures and platforms of oil and gas companies from possible vandalization.

## **OBJECTIVES OF THE PIA-HOST COMMUNITY DEVELOPMENT TRUST**

*The objectives of the Host Communities Development Trust are to:*

- Foster sustainable prosperity within host communities<sup>14</sup>
- 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

## **KEY HIGHLIGHTS OF PROVISIONS FOR THE HCDDT**

### **Legal Framework for the HCDDT:**

- I. Petroleum Industry Act 2021<sup>15</sup>
- II. Nigeria Upstream Petroleum Host Community Development Trust Regulations 2022<sup>16</sup>
- III. NUPRC Host Community Development Trust Implementation Template 2022<sup>17</sup>

### **Stakeholders of the HCDDT:**

- I. *The regulator* -the Nigeria Upstream Petroleum Regulatory Commission- has been empowered by Section 235(2) of the PIA to make regulations with respect to host community development; have oversight responsibility for ensuring that projects proposed by the Board of Trustees are implemented (235(6)) and may revoke license of settlers for failure to incorporate the Trust (Section 238).
- II. *The settlers* -the upstream oil and gas companies- have been mandated by the Section 235 (1) of the Act to incorporate host community development trust, undertake needs assessment that will metamorphosed to community development plans (Section 235(7)) and make an annual contribution to the applicable host community development trust fund of an amount equal to 3% of its actual operating expenditure of the preceding financial year in its operation affecting the host communities (Section 240(2)).
- III. *The Host Communities* have been recognised by Section 235(4) for consultation by the settlers for purpose of setting up the Trust and defined by Section 318.
- IV. *The Board of Trustees (BOT) of the Trust* shall be set up by the settlor (Section 242(1)) in consultation with the host community(ies) (Section 242(2) in accordance with the trust constitution; the BOT is authorized by the Section 234(4) to apply for the incorporation of the Trust and shall be responsible for the general management of the host community development trust (Section 243).

### **Purpose and Objective for HCDDT Establishment:**

The settlor shall incorporate the host community development trust for the benefit of host communities (Section 235(1)). Every constitution of the host community development trust shall have the following as its

12. <https://www.mondaq.com/nigeria/oil-gas-electricity/1225740/can-host-community-development-trusts-resolve-the-social-licence-issues-in-the-oil-producing-communities>  
13. <http://www.petroleumindustrybill.com/wp-content/uploads/2021/09/Official-Gazette-of-the-Petroleum-Industry-Act-2021.pdf>  
14. <http://www.petroleumindustrybill.com/wp-content/uploads/2021/09/Official-Gazette-of-the-Petroleum-Industry-Act-2021.pdf>  
15. <https://www.nuprc.gov.ng/wp-content/uploads/2022/07/Nigeria-Upstream-Petroleum-Host-Communities-Development-Regulations-2022.pdf>  
16. <https://www.nuprc.gov.ng/wp-content/uploads/2022/07/NUPRC-HOST-COMMUNITIES-DEVELOPMENT-TRUST-IMPLEMENTATION-TEMPLATE.pdf>

objectives as provided in Section 239(3):

- I. finance and execute projects for benefit and sustainable development of the host community, undertake infrastructural development of the host community within the scope of funds available for the BOT
- II. facilitate economic empowerment opportunities in the host community,
- III. advance and propagate educational development for the members of host communities,
- IV. support healthcare development for the host community,
- V. support local initiatives within the host communities which seek to enhance protection of the environment,
- VI. support local initiatives within the host which seek to enhance security,
- VII. invest part of available funds for and on behalf of host communities
- VIII. assist in any other developmental purposes deemed beneficial to host communities as may be determined by the BOT.

### **Timelines for Incorporation of HCDT:**

The effective date for the PIA was August 16th, 2021. For licence and lease holders (settlers) in the upstream oil and gas sector, they are to incorporate the HCDT according to these timelines as provided in Section 236 of the PIA:

- Within 12 months from effective date for existing oil mining leases,
- Prior to the application for *field development plan* for existing oil prospecting licence
- Prior to the application for any field development plan under a petroleum prospecting licence or a petroleum mining lease granted under the PIA

For licence holders in the Midstream-Downstream Petroleum Sector they are to incorporate the HCDT as follows:

- Within 12 months from effective date for existing *designated facilities -means petroleum crude oil and natural gas transportation pipelines, bulk storage tank farms, refineries, and gas processing plants in the midstream petroleum operations and petrochemical plants (Section 318)*
- Within 12 months for new designated facilities under construction from effective date
- Prior to commencement of commercial operations for licenses of designated facilities granted under this Act

### **MILESTONES AND TIMELINES OF HOST COMMUNITY TRUST**

Below is a summary of a number of activities that the settlers and the board of trustees of the trust will implement to establish the trust, commence implementation of trust projects as stated in the community development plans to the end of the first financial year of the trust. These milestones could be used to track the status of implementation of host community development provisions of the PIA.

- I. Settlers First Meeting with Host communities (6 Months to PIA Enactment) -Section 235(4) Regulation 12 (1a) and 13 (2b)
- II. Appointment of Board of Trustees of HCDT (6 Months) -Sections 235(4) and 242(2)
- III. Development of Community Development Plans (6 Months) -Section 235(7) and Regulator 21(1)
- IV. Development of HCDT Constitution -Section 239(1)
- V. Approval for Incorporation of HCDT from NUPRC -Regulations 8(1) and 13(1)
- VI. Incorporation of HCDT (1 Year to PIA Enactment) -
- VII. Funding of HCDT Accounts -Section 240(2) and Regulation 24(2)
- VIII. Appointment/Contracting of Fund Managers Sections 243d and 246(1)
- IX. Recruitment and Appointment of Management Committees -Section 247(1)
- X. Appointment of Advisory Committees - Section 249(1)
- XI. Call for Bids for HCDT projects and Programmes - Regulation 28(2);

- XII. Implementation of HCDDT First Year's (Annual) Budget/Community Development Plans - Regulations 26b and 28(1); Implementation Template 8.4c
- XIII. Quarterly Returns of HCDDTs Expenditure to the NUPRC and Annual Reports -Regulation 30(1) Section 255

#### HCDDT INCORPORATION STATUS<sup>18</sup>

Incorporation of the host community development trust is a big milestone achieved by any settlor, because it shows that they have achieved five previous milestones. But as far as the PIA deadline for the incorporation of the trust is concerned, all the settlers have defaulted. However, here is the data for HCDDT incorporated as at November 14, 2023 according to the NUPRC:

- Total Number of Upstream Oil and Gas Assets - 236
- Total applications submitted to NUPRC by settlers for HCDDT approval– 139
- NUPRC Approved HCDDTs – 97
- CAC Incorporated HCDDTs – 81

As February 23, 2024, 103 HCDDTs were incorporated with the CAC<sup>19</sup>. As March 1, 2025, NUPRC Concession Situation reveals that there are 236 oil and gas blocks<sup>20</sup>. We want to believe that some HCDDTs would have been incorporated between February 2024 and March 1, 2025, but the NUPRC should not be celebrating that 103 HCDDTs have been established when more than half of the licence holders of oil and gas assets in the country have not established a trust for their respective host communities three years after the PIA was enacted.

Timelines were put in place in the legal framework for the establishment of the HCDDT. 103 HCDDTs were incorporated with the CAC<sup>21</sup> as of February 23, 2024, another report says 167 trusts were created as at June 18, 2024. Between February 23 and June 18, 64 trusts were established. It is a given that few trusts would have been incorporated between February 23, 2024 and March 1, 2025. Implying that nearly 30% of the license holders of upstream oil and gas assets in Nigeria have not established a trust for their respective host communities as at June 18 2025 respectively three years after the PIA was enacted.

Specifically, the following settlers have established HCDDTs for their host communities:

- Shell Petroleum Development Company (SPDC) Limited - 27<sup>22</sup>
- Nigeria Agip Oil Company - 13<sup>23</sup>
- Newcross Petroleum Limited- 7<sup>24</sup>
- TotalEnergies in Nigeria - 5<sup>25</sup>
- Seplat Energy PLC - 4<sup>26</sup>
- Green Energy Limited - 2<sup>27</sup>
- Mobil Producing Nigeria Unlimited (MPNU) - 2<sup>28</sup>
- Chevron -1<sup>29</sup>
- Frontier Oil Limited -1<sup>30</sup>
- First Exploration and Production - 1<sup>31</sup>
- Enageed Resources Limited -1<sup>32</sup>

18. [https://docs.google.com/presentation/d/1GRq\\_DKzJRN8xTSpJKYS90Na9Fr4AOIN/edit#slide=id.p1](https://docs.google.com/presentation/d/1GRq_DKzJRN8xTSpJKYS90Na9Fr4AOIN/edit#slide=id.p1)

19. <https://www.nuprc.gov.ng/nuprc-inaugurates-bot-forum-for-host-community-trust-implementation/#:~:text=in%20the%20Act-,Engr.,oil%20industry%2C%E2%80%9D%20he%20added.>

20. [https://www.nuprc.gov.ng/wp-content/uploads/2025/03/NUPRC-Concession-Situation\\_1-March-2025.pdf](https://www.nuprc.gov.ng/wp-content/uploads/2025/03/NUPRC-Concession-Situation_1-March-2025.pdf)

21. <https://www.nuprc.gov.ng/nuprc-inaugurates-bot-forum-for-host-community-trust-implementation/#:~:text=in%20the%20Act-,Engr.,oil%20industry%2C%E2%80%9D%20he%20added.>

22. <https://www.shell.com.ng/media/2023-media-release/spdc-iv-disburses-n3-72-billion-for-community-development.html>

23. <https://www.energyfocusreport.com/spdc-iv-disburses-n3-72-billion-for-community-development-under-pia-as-more-trusts-are-unveiled/>

24. <https://www.thisdaylive.com/index.php/2023/07/23/nuprc-approves-19-managers-for-host-communities-funds>

25. <https://www.theinfostride.com/totalenergies-enriches-host-communities-with-a-15-million-fully-funded-trust-nuprc-celebrates/>

26. <https://sweetcrudereports.com/weve-inaugurated-four-hcdds-seplat/>

27. <https://guardian.ng/news/fg-addresses-host-communities-challenges-with-113-hcddt/>

28. <https://thesouthernexaminer.com/aibom-nui-celebrates-american-oil-firm-for-flagging-off-host-communities-d-p10931-267.htm>

29. <https://www.vanguardngr.com/2023/10/pias-board-for-egbema-opudis-host-communities-development-trust-inaugurated/>

30. <https://www.vanguardngr.com/2023/10/akwa-ibom-oil-firms-assure-host-communities-of-payment-of-3-operational-expenditure/>

31. <https://orientalnewsnigeria.com/nnpc-first-ep-iv-inaugurates-development-trust-for-host-communities/>

32. <https://businessday.ng/companies/article/enageed-resource-inaugurates-oml-148-host-communities-development-trust-board/>

SPDC remains the shining example in establishing the highest number of trusts for host communities, followed by Nigerian Agip, Newcross Petroleum, Total Energies, Seplat Energies, Green Energy and MPNU in that order; Frontier Oil, First Exploration, Enageed Resources and very recently Chevron all establish one trust each.

Big names like Nigeria Petroleum Development Corporation (NPDC), Aiteo, Famfa, Equinor, Chevron's Stardeep, Addax, Texaco Nigeria, Platform Petroleum, Esso E & P, Sterling Oil, Neconde, are missing. Indigenous companies like Con Oil, Oando, Niger Delta Western are not showing a good example. All Sterling Oil, Sterling Exploration, Sterling Global, Sterling International we have not seen or heard of evidence that they have incorporated any trust.

### **HCDT FUNDING STATUS<sup>33</sup>**

- CAC Incorporated HCDTs -81
- HCDT Accounts Created – 56
- HCDT Accounts Funded – 43
- Outstanding HCDTs -107

Out of the 81 incorporated HCDTs, 56 settlors have created an account for their trusts and only 43 settlors have funded their established trust funds, meaning 39 settlors who have incorporated a trust, are yet to fund their trust fund and outstanding 107 HCDTs yet to fund their trusts as at November 2023.

As of June 18, 2024, 70 trusts have been funded with the sum of more than N80Billion and the dollar components is more than US\$150Million, out of 167 trusts that have been created<sup>34</sup>. This implies that 97 trusts that were incorporated were yet to be funded three years after the PIA was enforced, and over 166 upstream petroleum licence holders out of 236 upstream petroleum licence holders were yet to fund a trust. Specifically, SPDC and its joint venture partners claimed to have disbursed a total of N3.72 billion and another US\$12.32 million for the HCDTs it established<sup>35</sup> as of October 13, 2023. It claimed to have earmarked over US\$56 million from their 2022 operations for distributions to the HCDTs in compliance with the PIA.<sup>36</sup> Total Energies claimed to have allocated US\$15 million to all of the five HCDTs it has established.<sup>37</sup> Mobil Producing Nigeria Unlimited said it funded its two trusts in Akwa Ibom State with N36billion for 2021 and 2022 respectively<sup>38</sup>. Recently, due to pressure on NUPRC, it has threatened to revoke the licence of defaulting settlor/operator who have not funded their trust fund by the end of September 2023.<sup>39</sup>

### **EMERGING ISSUES IN HCDT IMPLEMENTATIONS**

In the two years of attempting to implement host community development provisions of the PIA, several issues have emerged that the PIA and NUPHCDT Regulation did not envisage. The following have been observed as emerging issues while settlors, BOT and host communities tries to establish host community development trust:

- ***First meeting not held in many most community:***

Section 235(4) provides that *“the settlor shall for the purpose of setting up the Trust, in consultation with the host communities, appoint and authorize a board of trustees.”* Regulation 12(1a) says *“prior to the incorporation of a Trust, the first trustees shall be appointed in consultation with the host communities.”* Regulation 13(2b) speaks of minutes of the meeting with host communities where the proposed (first) trustee was nominated for appointment. We have observed that in many instances,

33. [https://docs.google.com/presentation/d/1GRq\\_DKzJRN8xTSpJKYS90Na9Fr4AOIN/edit#slide=id.p8](https://docs.google.com/presentation/d/1GRq_DKzJRN8xTSpJKYS90Na9Fr4AOIN/edit#slide=id.p8)

34. <https://www.thisdaylive.com/index.php/2024/06/18/host-communities-development-trusts-get-n80bn-for-projects/>

35. <https://www.energyfocusreport.com/spdc-jv-disburses-n3-72-billion-for-community-development-under-pia-as-more-trusts-are-unveiled/>

36. <https://sweetcrudereports.com/shell-partners-lead-in-pia-implementation-nuprc/>

37. <https://www.theinfostride.com/totalenergies-enriches-host-communities-with-a-15-million-fully-funded-trust-nuprc-celebrates/>

38. [https://thewhistler.ng/nnp-mpn-jv-disburses-n36bn-to-host-community-development-trust-fund-in-akwa-ibom/#google\\_vignette](https://thewhistler.ng/nnp-mpn-jv-disburses-n36bn-to-host-community-development-trust-fund-in-akwa-ibom/#google_vignette)

39. <https://leadership.ng/pia-oil-firms-risk-licence-revocation-over-3-host-community-fund-payment-default/>

the meetings where the first trustees were nominated most members of the host communities were not aware. Instead, representatives of the host communities were invited by settlors to meet in the city. Stakeholders have argued that it is not possible for every member of the community to participate in the meeting with their settlors, justifying the need for community representatives to meet with the settlors at the settlors instance. This has created a situation where certain individuals superimposed themselves as representatives of the communities and by extension leaders of the Trust. For Instance, Ntak Inyang Community of Esit Eket Local Government Area of Akwa Ibom State, one of the host community of Mbo/Esit Eket HCDT OF Universal Energy Resources Limited operator of Stubb Creek Marginal Field, the village head, the council of chiefs, the youths and women did not endorse the persons nominated into the Board, Non-executive members of the Management Committee and the Advisory Committee hence leading to litigations and non-implementation of community development plans in Ntak Inyang since inception of the trust. So most host community citizens have a say as to who represents them on the Board, Management and Advisory Committees of the Trust.

- ***Old guards, former settlors' employees, political/traditional elites still control and dominate HCDT Boards***

In the number of Trust that have been established, we have seen a new trend, where either former settlors' employees, political elites or even traditional ruling elites<sup>40</sup> from host communities are dominating and controlling the board of trustees. The Vanguard reported thus: *“Emuh stated that traditional rulers were not supposed to influence the process, but regrettably, the oil companies and chiefs were handpicking individuals and registering them in the Corporate Affairs Commission, CAC”*<sup>41</sup>. Stakeholders have argued that the law is not against former settlors' employees or even politicians to represent their communities in the trust in as much as the meet the integrity test, not bankrupt and have the requisite experience to provide leadership in the trust. In fact former retirees from the settlors come with lots of corporate experience that the trusts needs from inception. But the concerns of civil society actors is the fear that these persons will be loyal to their former settlors other than their communities, and the community may not get adequate representation and development outcome that should be expected.

- ***Most Community Needs Assessment and Community Development Plans (CDP) have no community stakeholders' input***

In our engagement with several host communities during the process of incorporating the HCDT and after, we heard from host community stakeholders across all demographics, that they were not aware of the community needs assessment done by the settlors and their proposed board of the Trustees. Stakeholders argued that the needs assessment were imposed on them by the settlors' consultants. Community needs assessments are populated by the elites of the local government areas where the host communities belong, excluding the actual community people. On some occasions the needs assessments were generic and the same across several host communities with different settlors; the needs assessments were not community specific and was not tailored to the needs of the community people. Surprisingly revealed, the regulator, the NUPRC gives approval to the community development plans that feed from these generic needs assessments without double checking from the host communities relevant to the trusts. One exception noted was the Ibene Seplat/NNPC JV, who were bold to reject the needs assessment done by their settlor's consultants, the Board Members owned the process and did their own needs assessment allowing all communities in Ibene Local Government Area of Akwa Ibom State to populate the needs assessment template sent to group leaders from each community.

- ***Timelines not respected as stated in the Act and Regulation***

The Act provides the following timelines:

→ 12 months for existing OMLs, and PPLs as well PML holders granted under the PIA to

40. <https://www.vanguardngr.com/2023/10/pia-3-opex-confusion-as-oil-firms-seize-host-communities/>

41. <https://www.vanguardngr.com/2023/10/pia-3-opex-confusion-as-oil-firms-seize-host-communities/>



incorporate the Trust -Section 236 and Regulation 24(2)

- Within 30 days after community needs assessment, community development plans must be sent to the regulator for approval -Regulation 20(8)
- 30 days after incorporation 3% OPEX paid to the HCDD Fund Accounts -Regulation 24(1)
- 30 days after incorporation Management Committee Recruited and appointed - Regulation 18 (1)
- 30 days after the appointment of the Management Committee, the advisory committee are appointed. -Regulation 19(1)

One year after the Act was enacted, no trust was established. Two years and three months after only 81 HCDDs were incorporated with the Corporate Affairs Corporation (CAC) out of 206 upstream assets; of these 81 HCDDs incorporated only 43 HCDD accounts were funded. Even when the trusts were incorporated it takes more than 30 days to pay the 3% OPEX to the Trust Fund accounts. It takes more than 30 days for incorporated Trusts to appoint and recruit the management committee. After the Management Committees were appointed, it still takes more than 30 days to appoint the advisory Committee. Stakeholders are of the view that since the HCDD Model is new, it was a learning opportunity for all the stakeholders -regulators, settlers, host communities and the trust leaders, and the delays can come from even amongst the host communities. Civil Society actors and media are excusable for the first year and half, the learning should not be in perpetuity and they wonder why the US\$2,500 daily administrative fine for 30 days was not imposed on the 125 settlers that failed to incorporate the HCDD two years after, and no specific sanctions for 38 settlers that incorporated the HCDDs but failed to pay the 3% OPEX to their trust accounts.

- ***Unpublished accounts of settlers***

Shell Petroleum Development Company (SPDC) Ltd Joint Ventured claimed to have disbursed a total of N3.72 billion and another \$12.32 million to host community in compliance with the PIA as its 3% OPEX for the 25 trusts it has incorporated.<sup>42</sup> Total Energies also claimed to have allocated US\$15million to the five trusts it has incorporated.<sup>43</sup> The big question is, were these funds credited to the trust account verified by BOT and the respective host communities as the actual 3% OPEX? One of the HCDD Board Members in Akwa Ibom revealed the settlers deliberately refused to reveal their account for the Board to confirm. The Chairman of another Trust revealed that they confirm the figures and there was disparity between the actual 3% OPEX and what the settlers paid into their trust accounts, upon which they made their case additional figures were added to what was initially paid. Stakeholders concluded that 3% OPEX is what the settlers pays, not what the law says. All the host communities we engaged in Akwa Ibom State are not aware of the exact 100% spent by their settlers as operating expenditure for 2021, 2022 and 2023 financial year. This is because most settlers, especially companies not listed in Nigeria Stock Exchange, do not publish their annual reports. With the reforms the Corporate and Allied Matters Act (CAMA) 2020 have introduced, every company doing business in Nigeria, is expected to file their annual returns when they submit their beneficial ownership information with the CAC, but most oil and gas companies operating in the country are yet to do so, this has made it impossible for members of host communities to independently verify whether the funds paid to their trust fund accounts are the true reflection of the 3% OPEX as stated by the law.

- ***Increased number of petitions/litigations between host communities and settlers***

There have been several petitions hindering the incorporation of the HCDDs for many host communities across the Niger Delta. The reasons accountable for these petitions are disagreement between some host communities and their settlers, and disagreement between leaders or factions of the same communities as is currently witnessed in Ntak Inyang Community of Esit Eket in Mbo/Esit Eket HCDD of Universal Energy Resources Limited/Sinopec. Also the old tactics of divide and rule, imposition of board members by the settlers for host communities<sup>44</sup>, exclusion of host communities<sup>45</sup>

42. <https://www.energyfocusreport.com/spdc-jv-disburses-n3-72-billion-for-community-development-under-pia-as-more-trusts-are-unveiled/>

43. <https://www.theinfostride.com/totalenergies-enriches-host-communities-with-a-15-million-fully-funded-trust-nuprc-celebrates/>

44. <https://www.vanguardngr.com/2023/10/pia-3-opec-confusion-as-oil-firms-seize-host-communities/>

45. <https://tribuneonline.ng/delta-community-threatens-lawsuit-over-exclusion-from-chevrons-trust-fund/>

or inclusion of communities in a trust, unnecessary involvement of the regulator in the affairs of the trust,<sup>46</sup> and the vexatious provision mandating host communities to protect oil and gas companies facilities or risk losing their 3% OPEX<sup>47</sup> are some of the factors responsible for the delays in incorporating most HCDTs across the Niger Delta.

- ***Less inclusion of women, youths and PWDs in Trust Structure***

Regulation 12(4) provides that “*without prejudice to the provisions of the Act and these Regulations, a settlor shall give due consideration to diversity as it relates to age, gender and physical disability in determining the criteria for appointment to the Board of Trustees.*” But the HCDT structures as presently constituted have once again been dominated and controlled by men, contrary to the provision of the law. The male gender dominates most board of trustees of the trust and chairs them; only a few have a balanced trust and practice gender and social inclusion. Women, youths, and People with disabilities (PWDs) are found in the management committee and advisory committee of fewer trusts. The Boards are mostly dominated by men, but EMOIMEE HCDT of Seplat/NNPC is chaired by a woman. If women, youths and PWDs are not in the position of decision making how can their needs be aggregated and who can advocate for their interest?

- ***Most deep offshore asset settlors are yet to establish their Trust:***

Regulation 6(2d) provides that “*littoral communities to deep-water area of operations shall be categorized 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.*” We have observed all deep offshore asset settlors are yet to establish their trust for littoral communities in their respective state coastlines. Since, these assets are not within the host communities, they could hardly make demands for the establishment of the trust on the settlors. And because this regulation placed the responsibility on the regulator to assign littoral communities to the settlors, most deep offshore settlors have decided to do nothing until the regulator does its responsibility. The NUPRC has breached its own Regulation by failing to assign the respective littoral communities to the settlors of deep-water areas of operation.

- ***Regulatory Weakness:***

Regulation 9(1) (2) and (3) stipulated sanctions for defaulting settlors

- Failure to incorporate the trust as stipulated in section 236(a), (d) and (e) of the Act, the regulator will issue a notice within 14days to the defaulting settlor to incorporate the trust within 45 days
- Failure to incorporate the trust within 45 days, the settlor shall be liable to an administrative penalty of US\$2,500 from the date of expiration of the 45 days' notice for 30 days
- Failure to incorporate the trust within 30days after the expiration of the 45days timeline, the regulator may recommend to the Minister of Petroleum to revoke the licence or lease of the defaulting settlor.

In the three years and half since the PIA came to force the regulator has not sanctioned any defaulting settlor. None of the defaulting 125 oil and gas companies as at November 2023 have been sanctioned for breaching Section 236 of the Act and the regulator has also failed to impose any of the sanctions listed above.

- ***Merger of several area of operations to establish fewer HCDTs***

The 3% OPEX is calculated based on the area of operations. Regulation 5 states that “*an area of operation shall be a territory within the boundary of the area which a licence or a lease relates and any area which hosts a licensee or lessee's facilities used in upstream petroleum operations in accordance*

46. <https://www.vanguardngr.com/2023/09/iwere-community-trust-contravenes-pia-delta-oil-producing-communities/>

47. <https://sweetcrudereports.com/csos-communities-drag-fg-to-court-over-pia-development-trust/>

with the provisions of Section 318 of the Act.” Regulation 24(4) provides that “where the settlor is responsible for host communities in different areas of operation, the 3% share of the operating costs shall be determined based on the operating costs that are attributable to each area of operation.” Different areas of operations mean different or separate trusts where the 3% OPEX of the particular area of operations will apply. In the establishment of some trusts, we have observed that settlors are merging several areas of operations to form a single trust or number of trusts less than the number of areas of operations. A typical example is Mobil Producing Nigeria Unlimited, the then operator of OMLs 67, 68, 70 and 104 (assets now divested to Seplat Energy Plc), all shallow water assets in Akwa Ibom State. Out of these four area of operations, MPNU was supposed to establish four trust in accordance with the law, but it only establishes two trusts : *“the Incorporated Trustees of NNPC/MPN JV EMOIMEE Host Community Development Trust (Eket, Mbo, Onna, Ikot Abasi, Mkpato Enin, Esit Eket and Eastern Obolo communities), and the Incorporated Trustees of NNPC/MPN JV Ibeno Host Community Development Trust (Ibeno community)”*<sup>48</sup> In fact, it originally intended to establish only one trust on all of these four assets -area of operations but for the agitation of Ibeno people who insisted to have their own trust, the entire four assets would only have produced a trust for all the host communities spread across the eight local government areas. Unfortunately, the regulator looked elsewhere, while the clear provision of its own law was breached.

## POLICY RECOMMENDATIONS

- ***Continuous sensitization for host communities:***

To prevent the hijack of HCDT fund and curtail the influence of benefit captors, there is need for continuous sensitization of host communities. Most indigenes of host communities are still ignorant of the provisions of the PIA and NUPHCDT Regulations, their lack of awareness have created huge gaps for the settlors and elites from their communities to run the trust at their exclusion. Continuous sensitization programmes on radio, town hall meetings and social media campaigns will close this gap and amplify the voices of host community actors. NUPRC should cease every window of opportunity to sensitize host community citizens especially by collaborating with the media and civil society organizations.

- ***Verify the Information of Proposed Trust before Approval.***

The regulator should double check the information sent to it by settlors who proposed to establish the trust. The imposition of board members on the HCDT can be curtailed if the settlors can provide evidence, picture, video and attendance list of host communities people who participated in the nomination and appointment of their board members in the Trust. NUPRC should confirm and verify this information independently of the settlors but with and from the host communities in the trust clusters. Where host communities deny knowledge of such meetings, the settlor must be asked to hold another meeting with the host communities with the regulator present as an observer to correct all anomalies.

- ***Implementation of the sanctions on erring settlors:***

The same way the regulators will not waste time to implement sanctions on defaulting oil and gas companies that fail to pay their signature bonuses, taxes, fines and royalties to government at their due deadlines, we expect the regulator (NUPRC and NMDPRA) to commence the implementation of sanctions on defaulting settlors that have failed to establish their trust 2 or 3 years after, and ensure that they pay the three years arrears on the 3% OPEX that host communities are entitled, because they have been operating and doing business under the PIA regime. Host communities should not be shortchanged for settlors who deliberately defaulted. Regulation 24(2) has already envisaged that the first 3% OPEX should cover for August 16, 2021 to August 15, 2022.

48. [https://editor.guardian.ng/news/exxonmobil-nnpc-inaugurate-host-community-trusts-in-aibom/?utm\\_source=ground.news&utm\\_medium=referral](https://editor.guardian.ng/news/exxonmobil-nnpc-inaugurate-host-community-trusts-in-aibom/?utm_source=ground.news&utm_medium=referral)

- ***NUPRC to observe meetings between settlors and host communities:***

Moving forward, the regulator should be aware of the first meetings that the settlors will hold with their respective host communities and be in attendance as an observer. This is to ensure that the provisions of the law are strictly adhered to and BOT members are nominated by the people.

- ***Inter-agency collaboration between CAC, FIRS and NUPRC for the disclosure of annual returns of upstream settlors***

There should be inter-agency collaboration between the CAC, FIRS and the NUPRC on the disclosure of oil and gas companies' annual returns. We have observed that most oil and gas companies are not filing their annual returns with the CAC, and the inactive status on the Beneficial Ownership Register and CAC portals does not seem to bother them. We recommend that the CAC in collaboration with the FIRS and NUPRC make the filling of annual returns for all upstream oil and gas companies compulsory by making the upstream petroleum sector the pilot for the important reforms of filing annual returns as provided for in the CAMA 2020. This is important to make host communities have confidence in the process and on the regulator.

- ***Details of Contracting Companies, their Beneficial Owners and the Contract Information be published***

All the companies that have won contracts through a bidding process in the HCDTs, the details of the companies, the natural owners of the companies and the contracts they have won and issued should be in public domain. This will enable host communities to track and audit project implementation, know the owners of the companies and ensure projects are implemented according to contract terms and project specification. This will also proactively prevent siphoning of trust funds and money laundering as the owners of the contracting companies are known.

- ***Strict Adherence to Gender and Social Inclusion Provision of Regulation 12(4)***

All HCDT constitutions must have provisions that speak to gender and social inclusion as stated in Regulation 12(4). The regulator, should place a quota for men, women, youths and PwDs inclusion in the appointments into the Board of Trustees, Management Committee and Advisory Committees of the trust. Any trust that does not meet the requirement should be sanctioned.

- ***Disclosure of Host Communities Development Plans and Annual Budgets***

To track the trust projects implementation by members of the respective host communities, civil society organisations and the media, there is need for all the development plans and annual budgets of the trust submitted to the NUPRC to be published. This will enable concerned citizens and accountability actors to engage the process and track the implementation of the budgets and development plans, so that where there are infractions it could be noticed on time and addressed.