

AN ANALYSIS OF THE CHALLENGES TO SUSTAINABLE DEVELOPMENT IN HOST-COMMUNITIES IN NIGERIA UNDER THE PETROLEUM INDUSTRY ACT, 2021

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Abstract

Environmental degradation and elevated rates of poverty in the Niger Delta Region have been attributed to the activities of multinational oil and gas companies. The petroleum laws in Nigeria have provisions that forbid oil companies from contaminating the environment while conducting business. Host communities have found it difficult to challenge the statutory provisions that hold oil companies accountable for environmental preservation. The Petroleum Industry Act of 2021 was passed in part to allay the host community's misgivings by establishing the institutional framework for the execution of community development projects and initiatives that firmly establish sustainable environment and economic prosperity. The paper analyses the challenges to the community development initiatives. The paper found that despite the significant resources invested in the creation of numerous development agencies over the years, the initiatives are inevitably impacted by lack of transparency which breeds conflicts. The paper suggests modifying the regulatory framework to suit specific projects focused on this goal.

Keywords: Sustainability, Community Development, Host Communities.

1. Introduction

The host communities, who bear the brunt of these Multi-National Corporations (MNCs)' operations, have taken out their frustrations by sabotaging their operations, preventing them from accessing their facilities, kidnapping employees, vandalising pipelines, and other means.¹ The public's interest in community development and sustainability issues in Nigeria's Niger Delta has increased dramatically during the last ten years.² The Nigerian government, as well as MNCs involved in oil and gas, have endeavoured to address the concerns between the firms and their host

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¹ L Svystunova, Y Muratova, J Fortwengel, et al. 'Multinational Corporations' Interactions with Host Institutions: Taking Stock and Moving Forward'. *Manag Int Rev* [2024] (64) 3. <<https://doi.org/10.1007/s11575-023-00525-1>> accessed 27 June 2024.

² S Matemilola, IO Elegbede, MU Bello, 'Sustainable Community Development in Nigeria: The Role of Real Estate Development [2019]' In: T Walker, C Krosinsky, LN Hasan, SD Kibsey, S.D. (eds) *Sustainable Real Estate. Palgrave Studies in Sustainable Business in Association with Future Earth*. (Palgrave Macmillan, Cham.) <https://doi.org/10.1007/978-3-319-94565-1_17> accessed 27 June 2024.

communities.³ The Petroleum Industry Act (PIA) 2021 was passed in part to allay some of the misgivings. The PIA seeks to remedy the historically poor relationship between host communities and MNCs in the oil and gas industry by establishing the Host Community Development Trust Fund (HCDTF), whose objectives include promoting sustainable prosperity, giving host communities direct social and economic benefits from petroleum, and promoting peaceful and harmonious coexistence between licensees or lessees and host communities and lessen the negative effects of oil operations.⁴ Based on the innovation introduced by PIA, the Niger Delta region has experienced a sharp increase in the number of projects and programmes created specifically to support community development.⁵ However, despite the enormous sums of money invested in community development projects and the establishment of numerous development organisations at various points in time, the region still lacks socio-economic and structural development.⁶ As a result of this, the aim of community development, which is consistently to enhance people's social, economic, and environmental circumstances, has been undermined. Recently, the Niger Delta Development Commission (NDDC) and the MNCs have worked together to organise a number of community workshops as part of the Niger Delta's overall community development.⁷

This paper is divided into four parts. The introduction is the first part. The main topic of discussion in the second part is sustainability and community development in Nigeria. The third part particularly evaluates the challenges in developing the petroleum host communities in Nigeria. The conclusion and recommendations make up the fourth and last part.

2. Sustainability and Community Development in Nigeria

Sustainable development emerged as a twentieth century concept for answering all environmental and resource management problems including climate change and issues bordering on mitigation by the developing countries in Africa and other regions.⁸ Sustainable development is defined as

³ K Nwuke, 'Commentary: Nigeria's Petroleum Industry Act: Addressing old problems, creating new ones'. *Brookings* (24 November 2024). <<https://www.brookings.edu/articles/nigerias-petroleum-industry-act-addressing-old-problems-creating-new-ones/>> accessed 27 June 2024.

⁴ Ibid.

⁵ The Niger Delta area was the main host community in Nigeria prior to the enactment of the Petroleum Industry Act, 2021. The Act has added some other areas.

⁶ M Makpor and R Leite, 'The Nigerian Oil Industry: Assessing Community Development and Sustainability'. *International Journal of Business and Management* [2017] (12) 7.

⁷ P Ughakpoteni, 'NDDC's Bold Vision: A New Dawn for the Niger Delta'. *TG Media* (24 June 2024). <<https://www.thegeniusmedia.com.ng/2024/06/24/nddc-s-bold-vision-a-new-dawn-for-the-niger-delta/>> accessed 26 June 2024.

⁸ World Commission on Environment and Development, *Report of the World Commission on Environment and*

the improvement that meets the need of the present without compromising the ability of future generations to meet their own needs.⁹ The need to exploit natural resources in a manner that is sustainable, prudent, rational, wise or appropriate forms the basis of the principle of sustainable use which also emphasizes the need to integrate environmental consideration into economic development plans, strategies, programmes, or projects.¹⁰

The modern principle of sustainability was developed at the 1972 Stockholm Conference, it recognised that human economic progress and environmental preservation have to coexist for the benefit of present and future generations.¹¹ The Stockholm Declarations do not provide for sustainable development in specific terms. However, its provisions clearly depict environmental concerns around which subsequent regimes were based at the international, regional, sub-regional, and national levels. The outcome of this conference led to the Brundtland Commission on the Environment, which eventually popularised the sustainability concept in its report.¹²

The sustainability principle readily becomes handy for addressing modern environmental challenges like climate change. The impact of climate change could be devastating, as it inevitably affects the quality of life of future generations who took no part in such degradation, or emissions of greenhouse gases.¹³ This makes climate change the singular most perilous environmental challenge of our time. It was predicted that the African continent would be most negatively impacted by the effects of climate change due to a number of variables, including a relatively low level of environmental consciousness and apathy towards effective environmental governance.¹⁴ The risks of climate change are already here. Mitigation by taking appropriate steps in terms of

⁹ *Development: Our Common Future*. (London: Oxford University press, 1987) 30. <<https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf>> accessed 25 June 2024.

¹⁰ Sands Philippe (2003). *Principles of International Environmental Law* (2nd ed.) Cambridge University Press, 2003 at 253.

¹¹ A Ruiz Serrano, A Musumeci, JJ Li, et al. 'Rationality and the exploitation of natural resources: a psychobiological conceptual model for sustainability'. *Environ Dev Sustain* [2024]. <<https://doi.org/10.1007/s10668-024-04470-3>> accessed 24 June 2024.

¹² A Brisman, 'Stockholm Conference, 1972'. [2011]. In: DK Chatterjee (eds), *Encyclopedia of Global Justice*. (Springer, Dordrecht). <https://doi.org/10.1007/978-1-4020-9160-5_655> accessed 23 June 2024.

¹³ World Commission on Environment and Development (n. 8), 30.

¹⁴ K Furtak, A Wolińska, 'The impact of extreme weather events as a consequence of climate change on the soil moisture and on the quality of the soil environment and agriculture – A review'. *CATENA* [2023], (231), 107378, <<https://doi.org/10.1016/j.catena.2023.107378>> accessed 26 June 2024.

¹⁵ SC Nwokolo, R Singh, S Khan, A Kumar, S Luthra, *Impacts of Climate Change in Africa. In: Africa's Path to Net-Zero. CSR, Sustainability, Ethics & Governance*. (Springer, Cham. 2023). <https://doi.org/10.1007/978-3-031-44514-9_7> accessed 27 June 2024.

policy formulation and sustainable strategy options is crucial to navigating the troubled waters of climate change.

Global warming and climate change have recently raised environmental concerns, particularly in the mining, oil, and gas extractive industries.¹⁵ These sectors significantly increase pollution, resource depletion, and the degradation of the environment. The United Nations (UN)'s recent assessment warned that many of the effects of global warming are now merely "irreversible".¹⁶ Governments, businesses, and individuals all need to work together to respond to the challenge. Consequently, the concept of sustainability of project has been important guide for community development due to its major dimensions of social equality/structural development, economic development and environmental protection.¹⁷ Invariably, without sustainability, community development can never be fully realised because projects lacking sustainability are short-lived. Thus, the primary goal of sustainability is to successfully achieve community development by integrating all aspects of social, economic, and environmental.

2.1 Sustainability in Community Development

As one of the top producers of gas and oil in Africa, Nigeria is mostly reliant on its upstream gas and oil industry.¹⁸ More significantly, the Niger Delta region provides 80% of Nigeria's annual revenue and around 95% of the country's overall foreign exchange earnings due to its abundance of natural resources.¹⁹ The majority of this comes from the region's projected endowment of mineral resources, which include 34 billion barrels of crude oil and 93 Tcf of natural gas.²⁰ The region comprises of communities that live where the Niger River empties into the Atlantic, with inhabitants of more than 20 million people, and has a spread of more than 13,000 different socio-political units.²¹ The region is home to Africa's largest freshwater swamp and it is a hot-spot for biodiversity due to the wide range of plant and animal species found there.²²

¹⁵ H Isallah, 'The Impact of the Petroleum Industry Act on Corporate Social Responsibility and Taxation in Nigeria's Upstream Oil and Gas Sector: A Path towards Sustainable Development'. *Sustainability* [2023], (15), 15538. <<https://doi.org/10.3390/su152115538>> accessed 26 June 2024.

¹⁶ M McGrath, 'Climate change: IPCC report warns of 'irreversible' impacts of global warming'. *BBC News* (28 February 2022) <<https://www.bbc.com/news/science-environment-60525591>> accessed 26 June 2024.

¹⁷ Makpor and Leite (n. 6).

¹⁸ Isallah (n. 15).

¹⁹ C Uwadiae Oyegun, O Lawal, M Ogoro, 'The Niger Delta Region' In: A Faniran, LK Jeje, OA Fashae, AO Olusola (eds), *Landscapes and Landforms of Nigeria: World Geomorphological Landscapes*. (Springer, Cham. 2023) <https://doi.org/10.1007/978-3-031-17972-3_7> accessed 23 June 2024.

²⁰ Ibid.

²¹ Ibid.

²² Oyegun, Lawal and Ogoro (n. 19).

The Niger Delta region's ecological destruction had caused turbulence in the relationships between multinational oil firms and the local communities for several decades.²³ To address these issues, the companies implemented corporate social responsibility initiatives. One of the major setbacks for community development in the Niger Delta region is the sustainability of initiatives and projects. Research findings demonstrated that MNCs made a substantial contribution to the development of host communities by building essential infrastructure, including schools, hospitals, and access highways.²⁴ However, some of these initiatives were either not implemented or shelved altogether. Additionally, there was insufficient cooperation between MNCs and local community members when it came to the selection and placement of corporate social responsibility initiatives. Given the Niger Delta region's ongoing developmental issues despite its abundant oil and gas resources, this may result in reduction in the quality of life.

Social pillar has been identified as one of the key pillars for Sustainable Development since, at the very least, the World Commission on Environment and Development report was published in 1987.²⁵ Some of the previous Millennium Development Goals (MDGs) are included in the social ("people") domain.²⁶ These include global partnership, gender equality, health, environmental sustainability, and the eradication of poverty and hunger. Under the most recent UN Sustainable Development Agenda, national development plans must advance human and environmental well-being. In order to solve environmental challenges, it is stated that meeting fundamental requirements and tackling poverty are prerequisites for developmental sustainability.²⁷

Sustainable development emphasises man's ability to survive through the rational control of renewable resources without disrupting the ecosystem or destroying human and societal cultures through over-exploitation of natural resources and corruption. This allows resources to rejuvenate themselves for posterity.²⁸ Sustainable community development (SCD) has emerged as a

²³ PS Tamuno, 'Corporate Social Responsibility in the Niger Delta: Past, Present and Future Challenges'. *Journal of African Law* [2022] (66)(3), 391- 417.

²⁴ AC Osigwe, OG Okungbowa & AM Rafiu, 'Contemporary Challenges Facing the Niger Delta Region in Nigeria: Areas for Legislative Interventions'. *African Journal of Law, Political Research and Administration* [2023], (6), 41-47. <<https://abjournals.org/ajlpra/papers/volume-6/issue-2/contemporary-challenges-facing-the-niger-delta-region-in-nigeria-areas-for-legislative-interventions/>> accessed 24 June 2024.

²⁵ N Winston, 'Sustainable Community Development: Integrating Social and Environmental Sustainability for Sustainable Housing and Communities'. *Sustainable Development* [2022] 30 192. <<https://onlinelibrary.wiley.com/doi/epdf/10.1002/sd.2238>> accessed 22 June 2024.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Osigwe, Okungbowa & Rafiu (n. 24).

compelling alternative to conventional approaches to development. Sustainable community development strives for improved public health and a better quality of life for all its residents by limiting waste, preventing pollution, maximising conservation, promoting efficiency, developing local resources to revitalise the local economy and increasing community control.²⁹ Sustainable development is premised on continuing, and at the local level, it is about residents looking ahead not just twenty years but a hundred years or more and finding their community still striving. Sustainable community development therefore emphasises the need for a balance between environmental concerns and development objectives while simultaneously enhancing local relationships.³⁰

2.2 Gas Re-injection Policies and Sustainability in Community Development

An international issue impacting nations that produce oil is gas flaring. The petroleum sector in Nigeria is not an exception. Nigeria ranks among the world's top emitters of carbon dioxide, and its unrestricted and unhindered gas flaring contributes significantly to the threat of global warming and the ensuing climate change.³¹ Greenhouse gas emissions, ozone layer thinning, global warming, and climate change are all caused by gas flaring. The needless flaring of natural gas also has an adverse effect on public health. Flaring gas that is not re-injected or used has negative effects not only on the environment but also on the economy. The economic effect is the loss of revenue, as shown in the annual financial loss to Nigeria of about USD 2.5 billion.³²

Following the 1972 Stockholm Conference on the Human Environment, the Brundtland Report in 1987 introduced the Sustainable Development Theory.³³ The theory is relevant to this study because it highlights how governments must use their abundant extractive resources responsibly by updating their anti-gas-flaring legislation to comply with 21st-century regulations in the chosen case-study nations. Nigeria has over the years made some policies on gas re-injection and its

²⁹ Ibid,

³⁰ Kun Wang, Yongjian Ke, 'Social sustainability of communities: A systematic literature review'. *Sustainable Production and Consumption*, [2024], (47), 585-597. <<https://doi.org/10.1016/j.spc.2024.04.031>> accessed 29 June 2024.

³¹ CG Ogbonna, CC Nwachi, IO Okeoma, et al., 'Understanding Nigeria's transition pathway to carbon neutrality using the Multilevel Perspective'. *Carb Neutrality*, [2023] (2) 24. <<https://doi.org/10.1007/s43979-023-00065-5>> accessed 29 June 2024.

³² GO Aigbe, LC Stringer & M Cotton, 'Gas Flaring in Nigeria: A Multi-Level Governance and Policy Coherence Analysis'. *Anthr. Sci*, [2023] (2) 31. <<https://doi.org/10.1007/s44177-023-00045-5>> accessed 29 June 2024.

³³ GO Aigbe, LC Stringer & M Cotton, 'Gas Flaring in Nigeria: A Multi-Level Governance and Policy Coherence Analysis'. *Anthr. Sci*, [2023] (2) 31. <<https://doi.org/10.1007/s44177-023-00045-5>> accessed 29 June 2024.

utilisation.³⁴ This arose from the desperate need to protect the environment, diversify the Nigerian economy, and provide much-needed alternative energy. The policies provide a framework for the efficient use of priceless, clean energy sources that are renewable. Environmental protection is of utmost importance to the oil and gas industry, both during and after production activities.

The previous regulations on gas re-injection and utilisation have not proven to be efficacious. For example, some have criticised the Associated Gas Re-injection Act of 1979 for not including sanctions for gas flaring.³⁵ There are a few arguments put up as to why Nigeria lacks the political will to carry out the Associated Gas Re-injection Act's stipulations. Some argue that the government's laxity in enforcing the gas re-injection law had to do with the absence of infrastructure for the utilisation of associated gas.³⁶ The Petroleum Industry Act, which prohibits the flaring or venting of natural gas and imposes penalties on defaulters, is a commendable attempt.³⁷ Accordingly, the Act empowered the commission to use the levy it receives from gas flaring penalties for environmental restoration and settlement for the host communities of the settlers who are subject to the penalties. However, this provision is not absolute, as gas flaring cannot be totally prohibited. Little is known about the provisions for exemption of gas flaring in some emergency cases or as granted by the commission under the Act.³⁸ This therefore dictates the need to advocate for an improvement in the law. The situation demands an upgrade in compensation for pollution from gas flaring in monetary terms or providing direct infrastructure to more sustainable projects that reinstate the environment, as provided for in Section 104(4) of the PIA 2021. This would provide a more direct benefit to the host communities.

3. Challenges in Developing the Petroleum Host Communities in Nigeria

In order to enhance social spending by MNCs in host communities, the PIA 2021 allows for the creation of Host Community Development Trusts (HCDTs). Under the new legislation, Communities are entitled to more than \$500 million annually. Investing in the establishment of broad-based communities presents a substantial opportunity. There is no doubt that the HCDT

³⁴ OJ Olujobi, TE Yebisi, OP Patrick, AI Ariremako, 'The Legal Framework for Combating Gas Flaring in Nigeria's Oil and Gas Industry: Can It Promote Sustainable Energy Security?' *Sustainability*, [2022] (14) (13), 7626. <<https://doi.org/10.3390/su14137626>> accessed 29 June 2024.

³⁵ Y Oke: *Nigerian Energy Resource Law and Practice*. (Princeton & Associates Publishing co, Ltd. Lagos, 2019), 209.

³⁶ Ibid.

³⁷ Section 104, The Petroleum Industry Act (PIA) 2021.

³⁸ Ibid, Section 107 provides for permission to flare gas where it is required for facility start-up or for strategic operational reasons, including testing.

allocations will greatly exceed the MNCs' current voluntary social spending (CSR). Between 2012 and 2020, all MNCs reported spending US\$655 million on non-mandatory social programmes, or an average of US\$72 million year.³⁹ Therefore, it is anticipated that contributions to HCDTs will be far greater than what is currently spent. It is also the most recent in a long series of programmes designed to provide funds to areas affected by the oil and gas sector including the establishment of the Niger Delta Development Commission (NDDC) and the 13% derivation given to oil producing states. These have witnessed a significant influx of funds from the oil and gas sector into the region.

The primary issue facing the Niger Delta and its host communities is not a lack of resources, but rather the inability to utilise funds that have come into the region for the good of all inhabitants. For instance, NGN1.4 trillion (US\$3.7 billion) was allotted to Federal and State Ministries, Departments, and Agencies in 2020 alone.⁴⁰ Notwithstanding, an environment where mistrust exists between communities, businesses, and the government, and where the allocation of substantial sums of money is layered with areas where there are risks of intra and inter-communal conflict, it is first necessary to comprehend the scope of the money involved with HCDTs and the risks that the information on this is not transparent.

There appears to be a significant gap in the transparency and accountability of what monies should be due to the HCDT and whether they have been received at the moment.⁴¹ Almost all MNCs do not reveal their detailed annual audited accounts or budgets, so communities will not be able to verify what they are due. The Federal Inland Revenue Service (FIRS)[recetl desigated National Revenue Services], the National Petroleum Investment Management Services (NAPIMS) and the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) are also notified of these facts. However, the amount that the corporations ought to be sending to the HCDT cannot be independently confirmed in the absence of this information being made public.⁴² Similarly, it will be difficult to divide the contributions among HCDTs for a variety of reasons. The regulations do

³⁹ NEITI 2021 Audit Report <<https://neiti.gov.ng/cms/wp-content/uploads/2024/04/2021-Simplified-OIL-GAS-REPORT.pdf>> accessed 26 May 2024.

⁴⁰ Kyari, 'PIA contribution to host communities bigger than NDDC's annual budget'. *The Nation*. (22 August 2021) <<https://thenationonlineng.net/pia-contribution-to-host-communities-bigger-than-nddc-s-annual-budget-kyari/>> accessed 15 June 2024.

⁴¹ K Nwuke, 'Nigeria's Petroleum Industry Act: Addressing the old problems, creating new ones. *Africa in focus*. [2021]<<https://www.brookings.edu/blog/africa-in-focus/2021/11/24/nigerias-petroleum-industry-act-addressing-old-problems-creating-new-ones/>> assessed on 26 March 2024.

⁴² Ibid.

not specify how to create an HCDT cluster. Therefore, it is up to the MNCs to choose which towns host their facilities, assign them to HCDTs, and determine the amount owed to them. Communities will need to be grouped under HCDTs, a decision that the regulator may make without doing sufficient risk evaluations. This may lead to violence in locations where there are already disagreements at the community level, such as those pertaining to territorial boundaries, existing revenues, and opportunities from the oil and gas industry. Even though HCDT structures include a variety of positions that ought to guarantee wide-ranging community representation, disagreements may nevertheless arise during the selection of projects and representatives.

More so, the regulations provide no guidance on how the MNCs contributions will be divided among the several HCDTs. It will be more difficult to determine how much each HCDT is due and for communities to verify this if communities are grouped ad hoc. Greater funding allotted to communities necessitates the implementation of an appropriate governance framework to facilitate planning, expenditure, and accountability. For this reason, new structures are being developed, but there are a number of unclear regulations, vague areas that are subject to interpretation, and other problems. Furthermore, even though the Niger Delta Development Commission (NDDC) is independent of the HCDTs under the PIA and receives a statutory 3% tax from the oil and gas companies' annual operational budget in addition to a statutory contribution from the Federal Generating Authority (FGN) that accounts for 15% of the total statutory distribution from the Federal Account to the NDDC member states, the following, among other things, act as roadblocks to the NDDC's success:

a. Inadequate funding

Inadequate funding has arguably been linked to one of the reasons for the under-performance of NDDC. The commission is said to be broke because the funding system is poor and the current funding patterns lack good governance.⁴³ Gross under-funding led to the derailment of the engagement programmes of youths and women in the region, reduced training for knowledge acquisition, poor performance, protracted delay in project delivery, and intermittent disruption by youths who chase away contractors from site.⁴⁴

⁴³Akpabio calls for improved funding of NDDC. *Vanguard*. (17 April 2021) <[https://www.vanguardngr.com/2021/04/akpabio-calls-for-improved-funding-of-nddc.](https://www.vanguardngr.com/2021/04/akpabio-calls-for-improved-funding-of-nddc/)> assessed 26 February 2024.

⁴⁴ Ifedayo Ogunyemi, '2021 Budget: Poor Funding Threatens Niger Delta Development – Akpabio'. *Nigerian Tribune* (27 October 2020). <<https://tribuneonlineng.com/2021-budget-poor-funding-threatens-niger-delta-development>> assessed 26 February 2024.

In all, the various uncompleted NDDC projects and inadequate performance have been reported to be due to the poor funding of the Commission by the Federal Government. Also, the oil companies have been reported to hardly meet their financial obligations to the agency. According to the National Assembly Joint Committee on NDDC, the records have shown that the oil companies jointly owned NDDC N72bn and \$73.⁴⁵ However, the Federal Government has raised concern over uncompleted and unverified projects in the Niger Delta region, in spite of the huge resources made available to uplift the living standards of the people. Likewise, 13,000 poorly executed and unverified projects by NDDC, despite the N6 trillion allocation it received from 2001 to 2019, indicate that the Niger Delta remains underdeveloped and abject poverty is still common among the people in the region.⁴⁶ This clearly indicates that factors other than money are serving as impediments to the smooth running of the Commission.

b. Corruption

The impact of corruption engulfed in the NDDC is a key factor to its poor performance. It has been argued that the well-intentioned creation of NDDC may have failed partly due to corruption, misappropriation, and mismanagement of available funds by the rapacious ruling cabal.⁴⁷ This also represents the current reality in Niger Delta region that is riddled with bad governance and corruption on the part of government officials, both at the state and local government levels. It has been argued that if government officials in the region had judiciously utilised their allocations to better the lot of people through job creation and infrastructure development, the situation would have been better than what is presently obtainable.⁴⁸ The impact of a 13 percent special allocation to the Niger Delta area is not so felt by the people because of corruption problems.

c. Monitoring and evaluation

NDDC projects are not being supervised and monitored thoroughly; this has greatly affected the sustainability of projects.⁴⁹ As a result of recorded cases of abandoned and uncompleted structures,

⁴⁵ Leke Baiyewu, 'FG, Oil Firms Owe NDDC N1.27tn, \$73m-National Assembly Nigeria'. *Punch* (19 November 2019) <<https://punchng.com/fg-oil-firms-owe-nddc-n1-27tn-73m-nassembly/>> assessed 26 February 2024.

⁴⁶ Abubakar Malami, 'Nigeria: NDDC has 13,000 doubtful projects despite receiving N6trillion allocation in 19 years. *Premium Times* (2 September 2021) <<https://www.premiumtimesng.com/news/headlines/482638-nddc-has13-000-doubtful-projects-despite-receiving-N6trillion-allocation-in-19-years>> assessed 27 February 2024.

⁴⁷ S Obiam & E Wonah, 'Corruption and Development in the Niger Delta Region of Nigeria: An Analysis of the Niger Delta Development Commission'. *IOSR Journal of Humanities and Social Science* [2022] (27) 32-39. <[https://www.research gate.net/publication/360032497](https://www.researchgate.net/publication/360032497)> accessed 23 May 2024.

⁴⁸ Ibid.

⁴⁹ JO Mark, II Charles, Analysis of Effective Supervision and Monitoring of Projects: A Case study of NDDC Projects in Mbo Local Government Area of Akwa Ibom State, Nigeria: 2012-2018'. *International Journal of Advances in*

it shows less concern for having a positive effect on the host communities; it is not out of place to submit that projects are done only for camouflage.

d. Environmental factor

The nature and topography of the Niger Delta region have been reported to have contributed to the poor operation of developmental projects. The two seasons of the region are from April to October for the rainy season and from November to March for the dry season.⁵⁰ The Niger Delta is biodiverse, with its mangroves providing carbon sequestration capacity and supporting a wide variety of plant and animal life, as well as the agriculture and fishing on which many in the region rely for their livelihoods. The Niger Delta Region of Nigeria consists of freshwater swamps, mangrove swamps, beach ridges, sand bars, lagoons, marshes, and tidal channels.⁵¹ Also, some of the environmental issues as a result of oil exploration and production such as, oil spills, gas flaring, discharges of petroleum derived chemical wastes, contamination of controlled water sources, contamination of soil and sediments, the destruction of the farmland and the marine environment, discharges from abandoned oil well that were not filled or properly covered and discharged from illegally installed oil plugs done by oil bunkers.⁵² The geographical nature of the Niger Delta region, leading to various environmental problems, affected the completion of some NDDC projects, which were eventually left uncompleted and abandoned. Although oil has led to increased economic benefits, it has also imposed significant costs on the society, such as environmental pollution, injuries, and death. It could also include secondary costs such as social dislocation and conflicts. Similarly, there is the associated social impact of climate change and the likely possibility of increased migration, underdevelopment, and environmental degradation. All these factors also hinder the smooth operation of developmental projects.⁵³

4. Conclusion

From the foregoing, it is crystal clear that MNCs activities has adverse effects on both humans and the environment in the host communities.⁵⁴ Sadly, the agencies had hidden under the guise of

Management and Economics, [2024] (13)8. <https://www.researchgate.net/publication/377411149_ANALYSIS_OF_EFFECTIVE_SUPERVISION_AND_MONITORING_OF_PROJECTS_A_CASE_STUDY_OF_NDDC_PROJECTS_IN_MBO_LOCAL_GOVERNMENT_AREA_OF_AKWA_IBOM_STATE_NIGERIA_2012-2018#full-text accessed 23 June 2024.

⁵⁰ Oyegun, Lawal and Ogoro (n. 19).

⁵¹ Ibid.

⁵² Ibid.

⁵³ Alphonsus O.I. (2015) op cit. Note 24.

⁵⁴ Ibid.

insufficient funds, corruption, a lack of monitoring and evaluation, and environmental factors, among others, as causing hindrance to carrying out their projects. Also, the communities have complained that they have been precluded from participating in these projects, either in the aspect of empowerment or getting to know their needs. Thankfully, these issues, among others, have been addressed by the provisions in the Petroleum Industry Act 2021. However, while the PIA has solved the problem of bridging the gap between the MNCs and HCs, it must not create another one.

Changes in regulatory frameworks, in term of the Petroleum Industry Act, specifically make provision for projects aiming at reducing greenhouse gas emissions as they affect developments in the host communities. This would go a long way towards boosting Nigeria's potential for achieving the objectives of improving energy access. To this end, developing a viable alternative energy source is also crucial to addressing the effects of climate change on the petroleum host communities. It is therefore necessary to make a provision for investment in green finance in the allocation of the trust fund to attain sustainable host community development.

The development of host communities is presented with both prospects and challenges. Currently, the host communities and oil companies are given too much responsibility to figure out how to make HCDTs operate, which will result in disparate methods throughout the Niger Delta. In order to guarantee that the work of HCDTs is in line with government programmes and strategies, as well as broader private sector and other development initiatives, there is no coordinating structure or process in place. Therefore, NUPRC must offer more detailed instructions during the whole procedure. It would be prudent if it offers more detailed guidelines for the kinds of projects that HCTs ought to handle. In addition, there is the need for strategic planning and collaboration between the host community, NDDC and the MNCs. The collaboration will ensure that HCDT funding would be better used to support projects that build and diversify the local economy and support renewable electricity sources, which can last much longer than trusts and require no more government assistance, rather than providing basic services. This position should, at the absolute least, involve the Ministry of Niger Delta Affairs, which advises the NDDC and is tasked with setting regional policies. This will enable the Ministry to monitor all regional government interventions through an internal digital platform.