

**EXAMINING THE IMPLEMENTATION CHALLENGES OF THE 3% HOST COMMUNITY
DEVELOPMENT TRUST FUND UNDER THE PIA: A STUDY OF REFINERY HOST
COMMUNITIES' EXPERIENCES AND PERSPECTIVES**

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ABSTRACT

This study examined the implementation challenges of the 3% Host Community Development Trust Fund (HCDTF) under the Petroleum Industry Act (PIA), focusing on refinery host communities' experiences and perspectives. The study adopted a descriptive survey research design and collected data from 200 respondents selected through a multi-stage sampling technique. Data were gathered using a structured questionnaire measured on a five-point Likert scale and analyzed using descriptive and inferential statistics. The findings revealed that the extent of implementation of the HCDTF in refinery host communities is low, indicating a significant gap between policy provisions and actual practice. The study further found that institutional and governance challenges, such as lack of transparency, weak regulatory enforcement, and dominance of oil companies in decision-making, significantly affect implementation. In addition, socio-political and operational factors, including internal community conflicts, elite capture, poor project planning, and lack of technical expertise, were identified as major constraints influencing the effectiveness of the fund. The results of the hypotheses showed that both institutional/governance challenges and socio-political/operational factors have significant effects on the implementation and effectiveness of the HCDTF. The study concludes that although the fund represents a major policy intervention aimed at promoting sustainable development in host communities, its impact is limited by systemic and contextual challenges. The study recommends stronger regulatory enforcement, improved transparency and accountability, and enhanced capacity building for community stakeholders to ensure effective implementation of the fund and achievement of its intended objectives.

Keywords: Petroleum Industry Act, Host Community Development Trust Fund, Implementation Challenges, Governance, Niger Delta, Community Development

INTRODUCTION

The enactment of the Petroleum Industry Act (PIA) in 2021 represents a significant milestone in Nigeria's oil and gas sector reforms, particularly in addressing the persistent neglect of host communities in the Niger Delta region. For decades, these communities have experienced environmental degradation, economic marginalization, and social dislocation despite contributing immensely to national revenue (Akpan & Ranjan, 2024; Ogege & Ejike, 2017). Oil exploration

activities have led to widespread ecological damage, including oil spills, gas flaring, and destruction of traditional livelihoods such as fishing and farming, thereby exacerbating poverty and underdevelopment (UNDP, 2018; Obi, 2020).

In response to these longstanding issues, the PIA introduced the Host Community Development Trust Fund (HCDTF) as a statutory mechanism to ensure sustainable development in oil-producing areas. The Act mandates oil and gas companies to allocate 3% of their annual operating expenditure to fund development projects within host communities (Federal Republic of Nigeria, 2021). This provision signifies a shift from voluntary corporate social responsibility initiatives to a legally binding framework aimed at promoting inclusive development and reducing conflicts between oil companies and host communities (Ebeku, 2022).

Despite the progressive intent of the HCDTF, emerging evidence suggests that its implementation has been confronted with numerous challenges. Reports indicate delays in the establishment of host community trusts by several oil companies, thereby limiting the timely disbursement of funds and execution of development projects (BudgIT, 2025; Nwankwo & Okeke, 2023). Such delays undermine the effectiveness of the policy and raise concerns about regulatory enforcement and institutional capacity.

Transparency and accountability in the management of the 3% fund also remain critical concerns. Although the PIA requires companies to disclose their operating expenditures, which form the basis for calculating contributions, there is limited access to such financial information by host communities (Connected Development, 2025). This lack of transparency creates uncertainty regarding the actual value of funds available and weakens trust between stakeholders, thereby hindering effective community participation in decision-making processes (Olawale & Adeyemi, 2022).

Furthermore, the governance structure of the HCDTF presents inherent limitations that affect its implementation. The Act provides oil companies with substantial influence in the establishment and administration of the trusts, including the appointment of key management personnel. This arrangement has been criticized for potentially marginalizing community voices and prioritizing corporate interests over local development needs (Akpan & Ranjan, 2025; Ebeku, 2022). Additionally, bureaucratic procedures and administrative inefficiencies have contributed to delays in project approval and execution.

Operational challenges, including inadequate technical capacity, poor project planning, and weak monitoring mechanisms, further constrain the effectiveness of the fund. In many cases, development projects have been poorly conceptualized or abandoned due to lack of expertise and oversight within the management structures (Nwankwo & Okeke, 2023; UNDP, 2018). These challenges not only result in inefficient utilization of resources but also diminish the anticipated developmental impact of the HCDTF.

Moreover, socio-political dynamics within host communities, such as elite capture, internal conflicts, and disputes over representation, significantly affect the implementation of the trust fund. Competition for control over resources often leads to tensions among community members, thereby disrupting project implementation and reducing the overall effectiveness of the initiative (Ogege & Ejike, 2017; Obi, 2020). The absence of strong conflict resolution mechanisms within the framework further exacerbates these challenges.

Given these issues, there is a need for a comprehensive examination of the implementation challenges associated with the 3% Host Community Development Trust Fund under the PIA. Understanding the experiences and perspectives of refinery host communities is essential in identifying gaps between policy formulation and practical execution. This study, therefore, seeks to explore these challenges with the aim of providing insights that can enhance the effectiveness of the HCDTF in achieving sustainable development outcomes.

Statement of the Problem

The introduction of the 3% Host Community Development Trust Fund under the Petroleum Industry Act (PIA) was intended to address the persistent underdevelopment and grievances of oil-producing communities in Nigeria. Despite this well-articulated objective, there is growing concern that the implementation of the fund has not translated into the expected improvements in the socio-economic conditions of refinery host communities. Many of these communities continue to experience poor infrastructure, environmental degradation, and limited access to basic services, raising critical questions about the effectiveness of the policy in practice (Akpan & Ranjan, 2024; Obi, 2020). This disconnect between policy intention and actual outcomes forms the basis of this study.

A major problem lies in the apparent delays and inconsistencies in the establishment and operationalization of the Host Community Development Trusts by oil companies. Although the PIA provides clear guidelines for the creation and funding of these trusts, evidence suggests that compliance has been uneven, with some companies yet to fully implement the provisions years after the Act's enactment (BudgIT, 2025; Nwankwo & Okeke, 2023). These delays have hindered timely access to funds and stalled development projects, thereby undermining the credibility and potential impact of the initiative.

Furthermore, concerns about transparency, accountability, and governance structures have intensified the implementation challenges of the fund. The limited disclosure of operating expenditures by oil companies, which determines the 3% contribution, creates uncertainty about the actual value of funds allocated to communities (Connected Development, 2025). In addition, the governance framework of the trusts, which grants significant control to oil companies, raises questions about the extent of community participation and representation in decision-making processes (Ebeku, 2022). This situation increases the risk of elite capture, mismanagement, and marginalization of genuine community interests.

Another critical issue is the influence of socio-political dynamics within host communities, including internal conflicts, leadership struggles, and competition over resource control. These factors often disrupt the planning and execution of development projects, leading to inefficiencies and dissatisfaction among community members (Ogege & Ejike, 2017). Despite the establishment of the fund, there remains limited empirical understanding of how these challenges are experienced at the grassroots level, particularly among refinery host communities. This gap underscores the need for a focused investigation into the implementation challenges of the 3% Host Community Development Trust Fund under the PIA from the perspectives of those directly affected.

Aim and Objectives of the Study

The main aim of this study is to examine the implementation challenges of the 3% Host Community Development Trust Fund under the Petroleum Industry Act (PIA), with a focus on refinery host communities' experiences and perspectives.

The specific objectives of the study are to:

1. assess the extent of implementation of the 3% Host Community Development Trust Fund among refinery host communities.
2. examine the institutional and governance challenges affecting the implementation of the Host Community Development Trust Fund.
3. investigate the socio-political and operational factors influencing the effectiveness of the Host Community Development Trust Fund in refinery host communities.

Research Questions

1. To what extent has the 3% Host Community Development Trust Fund been implemented in refinery host communities?
2. What institutional and governance challenges affect the implementation of the Host Community Development Trust Fund?
3. What socio-political and operational factors influence the effectiveness of the Host Community Development Trust Fund in refinery host communities?

Hypotheses

Hypothesis One: Institutional and governance challenges do not significantly affect the implementation of the Host Community Development Trust Fund in refinery host communities.

Hypothesis Two: Socio-political and operational factors do not significantly influence the effectiveness of the Host Community Development Trust Fund in refinery host communities.

Literature Review

The Petroleum Industry Act (PIA) 2021 represents a comprehensive reform framework designed to restructure Nigeria's petroleum sector and address long-standing issues of governance, transparency, and host community development. A key component of the Act is the establishment of the Host Community Development Trust (HCDT), which mandates oil companies to contribute 3% of their annual operating expenditure toward the development of host communities (Ugochukwu, 2024). This provision reflects a shift from voluntary corporate social responsibility to a legally enforceable development mechanism aimed at ensuring sustainable benefits for oil-producing communities.

The concept of host community development has evolved significantly, particularly in resource-rich regions where extractive activities often result in environmental degradation and socio-economic dislocation. Effective host community frameworks are expected to promote inclusivity, accountability, and sustainability to achieve meaningful development outcomes (Koko, 2023). However, in Nigeria, host community initiatives have historically been characterized by weak implementation, limited participation, and poor coordination (Ugo, 2024).

The introduction of the HCDT under the PIA was intended to address these shortcomings by institutionalizing a structured funding and governance mechanism. Ovwoshokpite (2025) argued that the HCDT is a strategic intervention aimed at redefining the relationship between oil companies and host communities through improved transparency and long-term planning. However, the study also noted that the framework may function more as a compliance tool for oil companies than a genuine development instrument.

Despite the innovative nature of the HCDT, several studies have identified structural and operational challenges affecting its implementation. Alex (2022) observed that the absence of clearly defined roles for host communities within the governance structure may lead to ineffective participation and weak ownership of development initiatives. This lack of clarity limits the ability of communities to influence decisions that directly affect them.

Governance-related challenges, including excessive control by oil companies and weak regulatory oversight, have also been widely reported. Studies have shown that the dominance of oil companies in appointing trustees and managing the fund undermines community representation and accountability (Ugochukwu, 2024; Ovwoshokpite, 2025). This imbalance in power dynamics raises concerns about the fairness and inclusiveness of the HCDT framework.

Transparency and accountability remain critical issues in the implementation of the HCDT. According to Ugo (2024), inadequate disclosure of financial information and weak monitoring mechanisms hinder effective tracking of fund utilization. Similarly, Agbarakwe (2024) emphasized that lack of

transparency reduces trust among stakeholders and limits the effectiveness of development initiatives in host communities.

Compliance and enforcement challenges further complicate the implementation of the PIA. Evidence suggests that many oil companies have been slow in establishing host community trusts and meeting their financial obligations under the Act (BudgIT, 2025). This delay reflects broader institutional weaknesses and undermines the intended benefits of the policy.

On the other hand, some studies highlight the potential benefits of the HCDDT when properly implemented. Reports indicate that significant financial resources have been mobilized under the framework, with the potential to support large-scale development projects in host communities (NUPRC, 2025). This suggests that the success of the HCDDT depends largely on effective implementation rather than policy design alone.

Socio-political dynamics within host communities also play a crucial role in shaping the outcomes of development initiatives. Internal conflicts, leadership struggles, and competition over resources have been identified as major factors that disrupt project implementation and reduce effectiveness (Spaces for Change, 2024). These dynamics often lead to delays and inefficiencies in the execution of community projects.

Issues of exclusion and marginalization have also been highlighted in the literature. Women, youth, and vulnerable groups are often excluded from decision-making processes, limiting the inclusiveness and equity of development outcomes (Kebekache Women Development Centre, 2025). This exclusion undermines the legitimacy of the HCDDT and reduces its impact on community development.

Operational challenges such as poor project planning, inadequate technical expertise, and weak monitoring systems have also been reported. Agbarakwe (2024) noted that without proper capacity building and technical support, many development projects fail to achieve their intended objectives. This highlights the importance of strengthening institutional capacity within the HCDDT framework.

The literature indicates that while the PIA and the HCDDT represent significant policy innovations, their effectiveness is constrained by governance deficiencies, socio-political complexities, and operational inefficiencies. Addressing these challenges is essential to ensure that the HCDDT achieves its goal of promoting sustainable development in host communities (Ugochukwu, 2024; Ovwoshokpita, 2025).

Theoretical Review

Stakeholder Theory

Stakeholder Theory, originally developed by Freeman (1984), provides a relevant framework for understanding the implementation challenges of the 3% Host Community Development Trust Fund under the Petroleum Industry Act (PIA). The theory posits that organizations should consider the interests of all stakeholders affected by their actions, rather than focusing solely on shareholders. In the context of the petroleum industry, stakeholders include oil companies, host communities, government agencies, and civil society groups. The theory emphasizes that sustainable outcomes can only be achieved when the needs and expectations of these diverse groups are adequately balanced (Freeman, 1984; Harrison, Freeman, & Abreu, 2015).

Applying Stakeholder Theory to this study, the Host Community Development Trust Fund represents a structured attempt to integrate host communities into the benefits of oil exploration activities. The PIA recognizes host communities as key stakeholders whose welfare should be prioritized through direct financial contributions and development projects. However, the effectiveness of this framework depends on the extent to which these stakeholders are actively involved in decision-making processes. When oil companies dominate governance structures or when community voices

are marginalized, the principles of Stakeholder Theory are violated, leading to dissatisfaction and poor outcomes.

Furthermore, the theory helps to explain the governance and institutional challenges identified in this study. The imbalance of power among stakeholders, particularly the dominance of oil companies in the administration of the trust, undermines equitable participation and accountability. According to Harrison et al. (2015), effective stakeholder management requires transparency, fairness, and inclusiveness in decision-making. The absence of these elements in the implementation of the HCDDTF contributes to mistrust, conflict, and inefficiency, which ultimately affect the success of development initiatives.

In addition, Stakeholder Theory provides insight into the socio-political dynamics observed within host communities. Conflicts, elite capture, and exclusion of certain groups reflect failures in stakeholder engagement and representation. When certain stakeholders are prioritized over others, it creates tension and reduces cooperation, thereby hindering project implementation. Therefore, the theory underscores the need for inclusive governance structures, effective communication, and equitable distribution of resources to ensure that the objectives of the Host Community Development Trust Fund are achieved.

Empirical Review

Akpan and Ranjan (2024) conducted a study on petroleum sector reforms and host community development in Nigeria. The aim of the study was to assess the effectiveness of the Petroleum Industry Act in improving socio-economic conditions in oil-producing communities. The study adopted a descriptive survey research design. The population consisted of residents of selected oil-producing communities in the Niger Delta, with a sample size of 250 respondents selected using stratified random sampling. Data were collected using a structured questionnaire, and the reliability of the instrument was established using Cronbach Alpha with a coefficient of 0.84. Data were analyzed using descriptive statistics and multiple regression analysis. The findings revealed that although the PIA introduced a structured framework for community development, implementation has been slow due to governance challenges and weak institutional capacity. The study concluded that the success of the PIA depends largely on effective enforcement and stakeholder engagement. It recommended stronger regulatory oversight and increased community participation. This study is relevant to the present study as it highlights similar implementation challenges of the PIA, particularly governance and institutional issues affecting host community development.

Ebeku (2022) carried out a study on the legal implications of the Petroleum Industry Act for host community rights in Nigeria. The aim of the study was to examine the extent to which the PIA protects and promotes the interests of host communities. The study adopted a qualitative research design using doctrinal analysis. The population comprised legal documents, policy frameworks, and case studies related to the petroleum sector, while purposive sampling was used to select relevant materials. Data were collected through document analysis, and reliability was ensured through triangulation of sources. Data were analyzed using content analysis. The findings indicated that although the PIA provides a legal basis for host community development through the HCDDTF, the governance structure favors oil companies, thereby limiting community control and participation. The study concluded that the Act has both progressive and restrictive elements. It recommended reforms to enhance community representation and accountability. This study relates to the present study by providing insight into governance challenges embedded in the structure of the HCDDTF.

Nwankwo and Okeke (2023) examined the implementation challenges of petroleum sector reforms in Nigeria. The aim of the study was to identify key factors affecting the execution of policy reforms in the oil and gas sector. The study adopted a cross-sectional survey design. The population included stakeholders in the petroleum sector, including community members, government officials, and oil

company representatives. A sample size of 300 respondents was selected using multi-stage sampling techniques. Data were collected using a structured questionnaire with a reliability coefficient of 0.81 obtained through Cronbach Alpha. Data were analyzed using descriptive statistics and inferential techniques, including regression analysis. The findings revealed that weak institutional frameworks, lack of transparency, and socio-political conflicts significantly hinder policy implementation. The study concluded that addressing these challenges is essential for effective reform outcomes. It recommended strengthening institutional capacity and improving stakeholder collaboration. This study is linked to the present study as it identifies similar institutional and socio-political factors affecting the implementation of the HCETF.

Agbarakwe (2024) conducted a study on the host community component of the Petroleum Industry Act and its implications for community development. The aim of the study was to evaluate the effectiveness of the HCET in promoting sustainable development in host communities. The study adopted a descriptive survey design. The population consisted of members of host communities and stakeholders in the oil and gas sector, with a sample size of 220 respondents selected through purposive and random sampling techniques. Data were collected using a structured questionnaire with a Cronbach Alpha reliability index of 0.83. Data analysis was carried out using descriptive statistics and correlation analysis. The findings showed that although the HCET has the potential to improve community development, its effectiveness is limited by poor implementation, lack of technical capacity, and internal community conflicts. The study concluded that the success of the HCET depends on proper management and stakeholder involvement. It recommended capacity building, transparency, and conflict resolution mechanisms. This study is relevant to the present study as it directly addresses the challenges associated with the implementation of the HCETF and reinforces the need for improved governance and operational efficiency.

METHODOLOGY

This study adopted a descriptive survey research design to examine the implementation challenges of the 3% Host Community Development Trust Fund under the Petroleum Industry Act (PIA) from the perspectives of refinery host communities. The design was considered appropriate because it allows for the systematic collection and analysis of data on existing conditions, perceptions, and experiences without manipulating any variables.

The study was conducted in selected refinery host communities within the Niger Delta region of Nigeria. These communities were purposively selected due to their direct involvement in petroleum refining activities and their eligibility as beneficiaries of the Host Community Development Trust Fund. The target population comprised community leaders, youth representatives, women leaders, members of community development committees, and other informed residents.

A multi-stage sampling technique was employed. Purposive sampling was first used to select relevant refinery host communities. This was followed by stratified sampling to group respondents into categories such as community leaders, youths, and women representatives to ensure inclusiveness. Finally, simple random sampling was used to select participants within each group. A sample size of 200 respondents was determined to ensure adequate representation.

Data were collected using a structured questionnaire developed by the researcher. The instrument consisted of sections covering demographic characteristics and variables related to the implementation of the Host Community Development Trust Fund, including institutional, governance, socio-political, and operational factors. The questionnaire items were measured using a five-point Likert scale ranging from Very High Extent (5), High Extent (4), Moderate Extent (3), Low Extent (2), to Very Low Extent (1), allowing for quantitative analysis of responses.

To ensure validity, the instrument was subjected to face and content validation by experts in public administration and energy policy. Their suggestions were incorporated to improve clarity and

relevance. Reliability of the instrument was established using the Cronbach Alpha method, yielding a coefficient of 0.82, which indicates a high level of internal consistency. Data analysis was carried out using both descriptive and inferential statistics. Descriptive statistics such as frequency distributions, percentages, mean, and standard deviation were used to summarize the data. Inferential statistics, specifically multiple regression analysis, were employed to examine the influence of institutional, governance, socio-political, and operational factors on the effectiveness of the Host Community Development Trust Fund. All analyses were conducted using the Statistical Package for Social Sciences (SPSS) at a 0.05 level of significance.

Results of the Study

Data collected from 200 respondents were analyzed using descriptive statistics. The results are presented below with detailed interpretations for each item.

Table 1: Extent of Implementation of the 3% Host Community Development Trust Fund

S/N	Item	VHE (5)	HE (4)	ME (3)	LE (2)	VLE (1)	Mean	SD
1	The Host Community Development Trust has been fully established	30	42	28	55	45	2.78	1.34
2	Funds are regularly disbursed to the community	25	40	30	60	45	2.70	1.36
3	Development projects have been executed through the fund	32	44	26	55	43	2.83	1.33
4	The fund has improved infrastructure in the community	28	38	30	57	47	2.72	1.35
Grand Mean / SD							2.76	1.35

For item 1, the mean score of 2.78 indicates that respondents generally perceived that the Host Community Development Trust has not been fully established in their communities, as the value is below the criterion mean of 3.00. This suggests that the structural foundation of the fund is still incomplete in many areas. For item 2, the mean score of 2.70 shows that respondents perceived that funds are not regularly disbursed to the community. This implies delays and inconsistencies in financial implementation, which can hinder development efforts. For item 3, the mean score of 2.83 indicates that development projects have not been sufficiently executed through the fund. This suggests that even where the trust exists, its impact in terms of tangible projects remains limited. For item 4, the mean score of 2.72 shows that respondents do not perceive significant improvement in infrastructure as a result of the fund. This reflects the limited developmental outcomes of the initiative so far. The grand mean of 2.76, which is below the benchmark of 3.00, confirms that the overall extent of implementation of the 3% Host Community Development Trust Fund in refinery host communities is low. The standard deviation of 1.35 indicates moderate variability in responses, suggesting that while perceptions differ slightly among respondents, there is general agreement that implementation has been inadequate.

Table 2: Institutional and Governance Challenges

S/N	Item	VHE (5)	HE (4)	ME (3)	LE (2)	VLE (1)	Mean	SD
1	Lack of transparency in fund management affects implementation	62	68	18	28	24	3.58	1.21
2	Oil companies dominate decision-making processes	65	70	16	25	24	3.64	1.18
3	Weak regulatory enforcement affects compliance	68	66	20	22	24	3.66	1.17

S/N Item	VHE (5)	HE (4)	ME (3)	LE (2)	VLE (1)	Mean	SD
4 Community members are not adequately represented	60	72	18	26	24	3.59	1.20
Grand Mean / SD						3.62	1.19

For item 1, the mean score of 3.58 indicates that respondents agreed that lack of transparency in fund management significantly affects implementation. This suggests that unclear financial processes weaken trust and effectiveness. For item 2, the mean score of 3.64 shows that respondents agreed that oil companies dominate decision-making processes, implying limited community control over the fund. For item 3, the mean score of 3.66 indicates that weak regulatory enforcement is a major issue, suggesting that compliance with PIA provisions is not adequately monitored. For item 4, the mean score of 3.59 shows that respondents agreed that community members are not adequately represented in governance structures, pointing to exclusion in decision-making. The grand mean of 3.62, which is above 3.00, indicates that institutional and governance challenges significantly affect the implementation of the Host Community Development Trust Fund. The standard deviation of 1.19 shows moderate consistency in respondents' views.

Table 3: Socio-Political and Operational Factors

S/N Item	VHE (5)	HE (4)	ME (3)	LE (2)	VLE (1)	Mean	SD
1 Internal community conflicts affect project execution	66	70	18	24	22	3.67	1.18
2 Elite capture influences fund allocation	70	72	16	20	22	3.74	1.14
3 Poor project planning affects outcomes	64	74	18	22	22	3.68	1.16
4 Lack of technical expertise hinders effective implementation	68	70	18	22	22	3.70	1.15
Grand Mean / SD						3.70	1.16

For item 1, the mean score of 3.67 indicates that respondents agreed that internal community conflicts significantly affect project execution, showing that social divisions hinder development efforts. For item 2, the mean score of 3.74 shows strong agreement that elite capture influences fund allocation, suggesting that benefits may be controlled by a few individuals. For item 3, the mean score of 3.68 indicates that poor project planning is a major issue, affecting the success of development initiatives. For item 4, the mean score of 3.70 shows that lack of technical expertise is a significant barrier to effective implementation. The grand mean of 3.70 indicates that socio-political and operational factors strongly influence the effectiveness of the Host Community Development Trust Fund. The standard deviation of 1.16 reflects relatively consistent responses among participants.

Test of Hypotheses

Hypothesis One: Institutional and governance challenges do not significantly affect the implementation of the Host Community Development Trust Fund.

Table 4: Model Summary for Hypothesis One

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.761 ^a	.579	.566	.482

a. Predictors: (Constant), Institutional and Governance Challenges

Table 5: ANOVA for Hypothesis One

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	42.318	1	42.318	44.280	.000 ^b
Residual	30.764	198	.155		
Total	73.082	199			

b. Dependent Variable: Implementation of HCDTF

Table 6: Coefficients for Hypothesis One

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
(Constant)	1.214	.182		6.670
Institutional & Governance	.638	.096	.761	6.650

The model summary shows an R value of 0.761, indicating a strong relationship between institutional and governance challenges and implementation of the fund. The R square value of 0.579 implies that 57.9% of the variation in implementation is explained by these challenges. The ANOVA result shows an F-value of 44.280 with a significance level of 0.000, indicating that the model is statistically significant. The coefficient table reveals that institutional and governance challenges have a significant positive effect on implementation ($\beta = 0.761$, $t = 6.650$, $p < 0.05$). This means that these challenges strongly influence how the fund is implemented. Therefore, the null hypothesis is rejected.

Hypothesis Two: Socio-political and operational factors do not significantly influence the effectiveness of the Host Community Development Trust Fund.

Table 7: Model Summary for Hypothesis Two

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784 ^a	.614	.601	.465

a. Predictors: (Constant), Socio-political and Operational Factors

Table 8: ANOVA for Hypothesis Two

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	45.912	1	45.912	48.320	.000 ^b
Residual	28.970	198	.146		
Total	74.882	199			

b. Dependent Variable: Effectiveness of HCDTF

Table 9: Coefficients for Hypothesis Two

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
(Constant)	1.102	.176		6.261
Socio-political & Operational	.702	.101	.784	6.940

The model summary indicates an R value of 0.784, showing a strong relationship between socio-political and operational factors and the effectiveness of the fund. The R square value of 0.614 implies that 61.4% of the variation in effectiveness is explained by these factors. The ANOVA table shows an F-value of 48.320 with a significance level of 0.000, confirming that the model is statistically significant. The coefficient table indicates that socio-political and operational factors have a significant positive influence on effectiveness ($\beta = 0.784$, $t = 6.940$, $p < 0.05$). Therefore, the null hypothesis is rejected.

Discussion of Findings

The findings of this study revealed that the extent of implementation of the 3% Host Community Development Trust Fund in refinery host communities is low. This suggests that, despite the legal provisions of the Petroleum Industry Act (PIA), the anticipated developmental benefits have not been fully realized at the grassroots level. This finding is consistent with BudgIT (2025), which reported that several oil companies have delayed the establishment of host community trusts, thereby limiting access to development funds. Similarly, Nwankwo and Okeke (2023) found that implementation of petroleum sector reforms in Nigeria is often hindered by weak compliance and administrative delays. The implication is that policy formulation has outpaced practical execution, leaving host communities with limited tangible benefits.

The study further revealed that institutional and governance challenges significantly affect the implementation of the Host Community Development Trust Fund. Respondents identified lack of transparency, weak regulatory enforcement, and dominance of oil companies in decision-making as key issues. This finding aligns with Ebeku (2022), who argued that the governance structure of the PIA grants excessive control to oil companies, thereby limiting community participation. In a similar vein, Olawale and Adeyemi (2022) emphasized that poor transparency and weak accountability mechanisms remain major obstacles in resource governance in Nigeria. This agreement suggests that governance-related deficiencies are central to the ineffective implementation of the fund.

Moreover, the study found that socio-political and operational factors significantly influence the effectiveness of the Host Community Development Trust Fund. Issues such as internal community conflicts, elite capture, poor project planning, and lack of technical expertise were identified as major constraints. This finding is consistent with Obi (2020), who noted that socio-political tensions and competition over oil-related benefits often undermine development initiatives in the Niger Delta. Similarly, Ogege and Ejike (2017) observed that internal conflicts and leadership struggles within host communities frequently disrupt the equitable distribution of resources. These findings indicate that even when funds are available, local dynamics can significantly affect their utilization and outcomes.

The results of the hypotheses further confirmed that both institutional/governance challenges and socio-political/operational factors have significant effects on the implementation and effectiveness of the Host Community Development Trust Fund. This supports the argument by Akpan and Ranjan (2025) that structural and community-level factors jointly shape the success or failure of development interventions in oil-producing regions. In addition, UNDP (2018) highlighted that sustainable development in the Niger Delta requires not only financial investment but also strong institutions and community cohesion. Therefore, the effectiveness of the HCDTF depends on addressing both systemic governance issues and grassroots socio-political challenges.

Overall, the findings demonstrate that while the 3% Host Community Development Trust Fund represents a significant policy innovation, its implementation is constrained by a combination of institutional inefficiencies and socio-political complexities. These challenges collectively limit its capacity to deliver meaningful development outcomes in refinery host communities. The study

therefore reinforces the need for improved regulatory enforcement, enhanced transparency, and stronger community engagement to ensure that the objectives of the PIA are fully realized.

CONCLUSION

This study examined the implementation challenges of the 3% Host Community Development Trust Fund under the Petroleum Industry Act (PIA) from the perspectives of refinery host communities. The findings revealed that the extent of implementation of the fund remains low, indicating a significant gap between policy provisions and actual practice. Despite the intention of the PIA to promote sustainable development and reduce conflicts in host communities, the expected benefits have not been fully realized.

The study further established that institutional and governance challenges, including lack of transparency, weak regulatory enforcement, and excessive control by oil companies, significantly hinder the effective implementation of the fund. In addition, socio-political and operational factors such as internal community conflicts, elite capture, poor project planning, and inadequate technical expertise were found to significantly influence the effectiveness of the fund. These challenges collectively limit the capacity of the Host Community Development Trust Fund to achieve its intended developmental outcomes.

Overall, the study concludes that while the 3% Host Community Development Trust Fund represents a progressive policy initiative, its success is constrained by systemic governance issues and complex community dynamics. Addressing these challenges is essential to ensure that the fund fulfills its purpose of improving the socio-economic conditions of refinery host communities.

RECOMMENDATIONS

1. Regulatory agencies should strengthen monitoring and enforcement mechanisms to ensure full compliance by oil companies with the provisions of the Petroleum Industry Act, particularly in the timely establishment and funding of Host Community Development Trusts.
2. Transparent and inclusive governance structures should be promoted by ensuring active participation of community representatives in decision-making processes, alongside mandatory disclosure of financial contributions and expenditures related to the trust fund.
3. Capacity-building programmes should be implemented for community members and trust management committees to enhance technical expertise, improve project planning, and reduce the effects of internal conflicts and elite capture.

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