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STRATEGIES FOR BUILDING A LASTING HOST COMMUNITY TRUST FUND MANAGEMENT SYSTEM FOR THE OIL AND GAS INDUSTRY IN NIGERIA

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Abstract

The petroleum industry act (PIA) mandates the oil companies in Nigeria to establish Host Community Trust Funds to address community concerns and needs. These funds aim to balance economic growth, environmental sustainability, and social equity. Examples like the Alaska Permanent Fund, Norwegian Oil Fund, and New Zealand Superannuation Fund demonstrate successful long-term, responsible investing models that can be adapted by HCTFs. The Canadian Aboriginal Trust Fund model also showcases effective management of resource wealth within Indigenous communities. By prioritizing transparency, good governance, and sustainable practices, HCTFs can become powerful engines for community development.

Oil companies must therefore embrace a collaborative and holistic approach that prioritizes transparency, good governance, and sustainable practices, that will enable HCTFs to evolve from a source of challenges to a powerful engine for community development. Through collective action and a commitment to long-term benefits, HCTFs have the potential to empower host communities, fostering a brighter and more sustainable future for generations to come in Nigeria.

Keywords: Host Community, Trust fund, Management, Development, Settlors, PIA, Memorandum

INTRODUCTION

Host communities are situated in or appurtenant to the territory that hosts the operational or integrated facilities of a licensee or lessee of an upstream oil and gas (O&G) asset (NUPRC, 2022). Large-scale extraction and production carried out in host communities can generate challenges such as land dispossession, environmental degradation, and loss of livelihoods which outweigh the benefits of carrying out these operations in most cases (Andrews, 2018; Poncian, 2018). To mitigate the challenges posed by upstream operations, and to address the aspirations of these communities, corporations, government, and stakeholders have adopted activities and responsibility schemes that recognize the need to balance economic growth, environmental sustainability, and social equity (UNIDO, 2020).

Nigeria, Africa's leading oil producer, exemplifies the challenges and opportunities associated with resource extraction. Despite the industry's significant contribution to the national GDP, host communities haven't always received their fair share of the benefits (Kasimba and Lujala, 2021). This has led to a push to ensure a portion of the extracted wealth remains within these communities (Arrello-Yanguas, 2011). This is to compensate for the years of environmental degradation occasioned by oil spills from pipeline incidents on the host communities (Chukwu, 2022). Previously, corporations relied on voluntary agreements like the Global Memorandum of Understanding (GMoU) to address community concerns. However, these MoUs lacked legal enforcement and were often disregarded (Akinduyite et al.; Baghebo, 2022).

The Petroleum Industry Act (PIA): A New Era for Host Community Development

The enactment of the PIA in 2021 marked a turning point. The PIA establishes a legal framework for the Nigerian petroleum industry and mandates the creation of HCTFs (PIA, 2021). Unlike the GMoU, the PIA is legally binding and sets clear guidelines for contributions to the funds.

Consequently, the Petroleum Industry Act (PIA) was enacted in 2021 which incorporated the statutory responsibilities of oil and mining companies to the host communities. The PIA provides a legal, governance, regulatory, and fiscal framework for the Nigerian petroleum industry and the development of host communities (PIA, 2021). One of which is the Host Community Development Trust Fund (HCDTF). As a result of the establishment of this trust, settlors are mandated to contribute 3% of their actual operating expenditure of the previous year to the host community and failure to comply may result in the revocation of the lease of license (PIA, 2021). 75% of this contribution is channeled towards funding capital projects, 5% is for administrative costs, and 20% is reserved and invested in utilizing the trust when settlors stop contributing (Aja, 2021). The primary goal of HCDTFs is to ensure that the host communities impacted by O&G operations reap tangible benefits while safeguarding the long-term interests of both the host communities and the operating entities.

To establish a lasting HCDTF management system, a holistic approach is necessary, which integrates the viewpoints of multiple stakeholders, including host communities, resource companies, government bodies, and non-governmental organizations (NGOs). This journal assesses the strengths and weaknesses of various models and identifies opportunities for improvement and harmonization.

LITERATURE REVIEW

The state government is responsible for implementing development programs such as HCDTFs and can be a vital player in implementing lasting strategies that best benefit the host communities. Some roles the state government can play include Properly informing host communities about HCDT and other provisions the PIA makes available and monitoring the implementation of the act to ensure financial transparency and mitigate inter/intra community conflicts that would stem from misinformation (Koginam and Ebipuamere, 2022).

Host Community Trust Fund

Host Community Trust Fund or community development fund is a financial mechanism established in regions where activities such as oil and gas extraction and production are carried out. The purpose of HCTF is to address the problems and needs of communities affected by resource extraction and production activities (NUPRC, 2022). HCTF was introduced to foster the growth of economic and social infrastructure of communities in oil and gas-producing areas such as the Niger- Delta (Jegede and Idiaru, 2021). The purpose of the Trust as provided under

Section 239 (3) to be specified in the HCTF Constitution and it shall include (Jegede and Idiaru, 2021);

- The financing and execution of projects for the benefit and sustainable development of the host communities;
- The undertaking of infrastructural development of the host communities within the scope of funds available to the Board of Trustees for such purposes;
- The facilitation of economic empowerment opportunities in the host communities;
- The advancement and propagation of educational development for the benefit of members of the host communities;
- The support of healthcare development for the host communities;
- The support of local initiatives within the host communities, which seek to enhance the protection of the environment;
- The support of local initiatives within the host communities which seek to enhance security;
- The investment of part of the available fund for and on behalf of the host communities; and
- The aiding of any other developmental purpose deemed beneficial to the host communities as may be determined by the Board of Trustees.

SUCCESSFUL FUND MANAGEMENT MODELS

Following section discusses different models and approaches to managing such funds.

1. Norwegian Oil Fund (Government Pension Fund Global)

Discovered in the North Sea in the late 1960s, oil quickly became a significant economic driver for Norway. However, the forward-thinking Norwegians recognized the finite nature of this resource. To ensure long-term financial security for present and future generations, they established the Norwegian Oil Fund (officially the Government Pension Fund Global) in 1990 (Norges Bank Investment Management, n.d.).

A Vision for Intergenerational Equity:

The core purpose of the Norwegian Oil Fund extends beyond simply saving money. It embodies the concept of intergenerational equity, ensuring that the wealth generated from a finite resource benefits not just the current population, but Norwegians for generations to come (Government Pension Fund Global, 2023). This future-oriented approach stands in contrast to nations that rely heavily on immediate resource revenues, potentially jeopardizing long-term prosperity (The World Bank, 2008).

Investing for a Diversified Future:

The Norwegian Oil Fund is not merely a passive repository for oil revenue. While initial deposits came from oil and gas, these currently make up less than half the fund's value (Government Pension Fund Global, 2023). Through strategic investments in a diversified portfolio – including equities, fixed income instruments, real estate, infrastructure projects, and even renewable energy – the fund has grown to become one of the largest sovereign wealth funds globally, boasting over $1.5 trillion in assets (Norges Bank Investment Management, n.d.).

Sustainability Through Responsible Spending:

To safeguard the fund's long-term viability, a crucial rule dictates that the government can only spend a pre-determined percentage (around 3% annually) of the fund's expected return on investments (Government Pension Fund Global, 2023). This ensures that the principal amount remains intact, continuing to generate wealth for future generations. Only the interest earned, not the core capital, is used for government spending (Norges Bank Investment Management, n.d.).

Strengths:

- **Intergenerational Equity:** The core strength of the Norwegian Oil Fund lies in its commitment to future generations. By strategically investing resource revenue and limiting spending to a portion of the returns, the fund ensures a sustainable flow of wealth for Norwegians to come.
- **Diversification:** The fund's success hinges on its diversified portfolio. It has moved beyond just oil and gas to include equities, bonds, real estate, infrastructure, and even renewable energy (Government Pension Fund Global, 2023). This diversification mitigates risk and ensures long-term stability.
- **Responsible Spending:** A critical rule limiting government spending to a pre-determined percentage of the fund's return safeguards the principal amount. This protects the fund's long-term value and ensures its continued ability to generate wealth for future generations (Norges Bank Investment Management, n.d.).

Weaknesses:

- **Reliance on Resource Revenue:** While the fund has diversified, it still depends to some extent on the extractive industries. Fluctuations in oil prices could potentially impact the fund's overall performance.
- **Ethical Investment Considerations:** The fund's investments have faced criticism for including companies with questionable environmental or social practices. Balancing financial returns with ethical considerations remains a challenge (The Guardian, 2019).

A Model for Long-Term Prosperity:

The Norwegian Oil Fund serves as a compelling model for responsible resource management. By prioritizing long-term planning, diversification, and sustainable spending practices, Norway demonstrates how a nation can leverage finite resources to create lasting wealth for its citizens (McKay, 2017).

2. The Alaska Permanent Fund: A Model of Intergenerational Wealth Management

Alaska's story offers a compelling example of transforming a finite resource into a lasting source of wealth for future generations. This success hinges on the establishment of the Alaska Permanent Fund (APF) in 1976 (Alaska Permanent Fund Corporation, n.d.).

From Finite Resource to Renewable Revenue Stream:

The core principle of the APF lies in permanently saving a portion of Alaska's natural resource royalty, primarily oil revenue (Alaska Permanent Fund Corporation, n.d.). This protects the principal amount from depletion, ensuring a continuous flow of income. The saved funds are then strategically invested in a well-diversified portfolio of income-producing assets, effectively converting a non-renewable resource into a renewable stream of wealth (Alaska Permanent Fund Corporation, n.d.).

A Cultural and Economic Cornerstone:

The APF transcends its economic significance. It holds a unique place in Alaskan culture, symbolizing a commitment to long-term prosperity (Alaska Permanent Fund Corporation, n.d.). In a state heavily reliant on non-renewable resources like oil, the APF provides a crucial counterbalance. Even after the oil reserves are depleted, the fund ensures a steady flow of income for future generations.

Constitutional Safeguards and Responsible Management:

The Alaska Constitution (Article IX, Section 15) serves as the bedrock of the APF's success. It mandates that at least 25% of all mineral lease rentals, royalties, and other related income be deposited into the fund (Alaska Office of the Lieutenant Governor, 2023). This ensures a consistent source of funding. Furthermore, the constitution restricts the use of the principal amount, allowing investment only in income-producing assets designated as eligible by law (Alaska Office of the Lieutenant Governor, 2023). This protects the principal and fosters long-term sustainability.

Strengths:

- **Intergenerational Equity:** The core strength of the APF lies in its focus on long-term benefits. By permanently saving a portion of resource revenue and investing it, the fund ensures a sustainable flow of income for future Alaskans, even after the oil reserves are depleted (Alaska Permanent Fund Corporation, n.d.).
- **Renewable Revenue Stream:** The APF's strategy of investing resource wealth in a diversified portfolio transforms a non-renewable resource (oil) into a renewable stream of income from investment returns. This ensures a long-term source of funding for the state (Alaska Permanent Fund Corporation, n.d.).
- **Constitutional Safeguards:** The Alaskan Constitution plays a vital role by mandating a minimum deposit into the fund and restricting the use of the principal amount. This constitutional framework safeguards the fund's long-term viability (Alaska Office of the Lieutenant Governor, 2023).
- **Cultural Significance:** Beyond its economic benefits, the APF holds a unique place in Alaskan culture, symbolizing a commitment to long-term planning and responsible resource management (Alaska Permanent Fund Corporation, n.d.).

Weaknesses:

- **Reliance on Resource Revenue:** While the fund is diversified, its initial source of income – oil revenue – is susceptible to price fluctuations. A significant drop in oil prices could impact on the fund's overall performance.
- **Distribution Debates:** The annual distribution of a portion of the fund's earnings to Alaskan residents has sparked debate. Some argue it discourages investment and economic diversification within the state (Lindholm, 2019).

- **Governance Concerns:** Maintaining effective governance and upholding best practices in managing a large sovereign wealth fund like the APF is an ongoing challenge (Cohen, 2018).

Lessons Learned: The Importance of Good Governance

The APF's success extends beyond its design. Research by Clark and Urwin (2007) across various pension funds highlights the critical role of good governance in trust fund management (Fiona & Yermo, 2008). This includes effective risk management, performance monitoring, and a clear mission – all essential for long-term sustainability.

By following these principles, Alaska has established a model for responsible resource management and intergenerational wealth creation.

3. The New Zealand Superannuation Fund: A Model for Long-Term, Responsible Investing

Beyond the successful examples of the Alaska Permanent Fund and the Norwegian Oil Fund, the New Zealand Superannuation Fund (NZ Super Fund) established in 2001, offers valuable insights for Host Community Trust Funds (HCTFs).

Shared Core Principles and Innovation:

The NZ Super Fund shares core principles with the Norwegian model, emphasizing long-term investment horizons, diversification across asset classes, and good governance practices (NZ Superannuation Fund, 2023). This ensures the fund's long-term sustainability and the ability to meet its future obligations. However, the NZ Super Fund also demonstrates a commitment to innovation.

The Reference Portfolio Approach: Flexibility Within a Framework

One unique aspect of the NZ Super Fund is its "reference portfolio approach" for measuring performance (NZ Superannuation Fund, 2023). This approach establishes a benchmark portfolio with a defined asset allocation (e.g., stocks, bonds, real estate). The actual investment strategy of the fund can deviate from this benchmark within set parameters. This allows for flexibility in response to market conditions while still maintaining a clear long-term investment framework.

Relevance for HCTFs:

This approach offers a valuable potential strategy for HCTFs. By establishing a reference portfolio aligned with their specific investment objectives and risk tolerance, HCTFs can ensure responsible management of their resources while allowing for flexibility in navigating market fluctuations.

Aligning with Global Trends: Environmental, Social, and Governance (ESG) Factors

Furthermore, the NZ Super Fund's increasing focus on integrating ESG factors (environmental, social, and governance) into its investment decisions resonates with growing global trends towards responsible investing (NZ Superannuation Fund, 2023). This focus goes beyond simply maximizing returns. It considers the potential environmental and social impacts of investments, ensuring a more sustainable and equitable future.

Inspiration for HCTFs: Prioritizing Long-Term Community Benefits

This emphasis on ESG factors can be particularly inspiring for HCTFs. By integrating similar considerations into their investment strategies, HCTFs can prioritize projects that are not only financially sound but also environmentally and socially responsible, contributing to the long-term well-being of host communities. For instance, HCTFs might choose to invest in renewable energy projects that benefit the environment or support educational initiatives for community members, aligning their investments with long-term community development goals (Egwumah, 2012).

The NZ Super Fund model demonstrates how long-term vision, responsible management practices, and adaptation to global trends can contribute to a sustainable and impactful investment strategy – principles that can be adopted and adapted by HCTFs to empower host communities for generations to come.

Strengths:

- **Shared Core Principles:** Like the Norwegian Oil Fund, the NZ Super Fund prioritizes long-term investment horizons, diversification, and good governance practices (NZ Superannuation Fund, 2023). This ensures the fund's sustainability and ability to meet future obligations.
- **The Reference Portfolio Approach:** This unique approach sets a benchmark portfolio with a defined asset allocation, allowing for flexibility within a clear long-term framework (NZ Superannuation Fund, 2023). This offers HCTFs a valuable strategy for balancing responsible management with market adaptability.
- **Alignment with Global Trends: ESG Integration:** The NZ Super Fund's focus on Environmental, Social, and Governance (ESG) factors aligns with the growing emphasis on responsible investing (NZ Superannuation Fund, 2023). This approach considers not

just financial returns, but also potential environmental and social impacts, promoting a more sustainable future. HCTFs can learn from this and prioritize investments that benefit the community and environment in the long term.

Weaknesses:

- **Limited Applicability:** While the NZ Super Fund model offers valuable principles, directly replicating its complex investment strategies might not be feasible for all HCTFs, especially those with limited resources or expertise.
- **Focus on National Priorities:** The NZ Super Fund's primary goal is to meet the long-term financial needs of New Zealand citizens. Adapting this model for HCTFs requires a clear focus on prioritizing investments that directly benefit the host communities, potentially requiring adjustments to the investment strategy.

4. Canadian Aboriginal Trust Funds: Empowering Indigenous Communities

The Canadian Aboriginal Trust Fund model stands out as a unique approach to managing resource wealth and fostering development within Indigenous communities impacted by resource extraction projects. Here's a breakdown of the model and its key characteristics:
The model serves as a proactive approach to mitigating the socio-economic impacts of resource extraction on Indigenous communities (World Bank, 2011). This model establishes trust funds specifically designed for individual Indigenous communities, functioning as a mechanism to channel revenues generated from resource development projects back into the communities most affected by these activities (Eyre & Lautens, 2006).

Collaborative Establishment and Revenue Generation:

The process begins with the creation of trust funds designed for specific Indigenous communities. This often involves collaboration between:

- **Indigenous communities:** Their needs and aspirations are central to the model's success (AFN, 2021).
- **Government agencies:** They play a role in facilitating agreements and ensuring legal frameworks are in place (Indigenous Services Canada, 2024).
- **Resource companies:** Negotiations with Indigenous communities and governments determine royalty contributions (Canadian Council for Aboriginal Business, 2024).

The revenue generation process hinges on negotiated agreements. Royalties paid by resource companies, encompassing payments for land access, mineral rights, or resource extraction activities, are directed towards the respective trust funds based on these agreements (Eyre & Lautens, 2006).

Empowering Communities Through Resource Management:

This direct link between resource extraction and community benefit is a core strength of the model. By earmarking a portion of resource royalties for community development initiatives, the model aims to achieve several objectives:

- **Mitigating Negative Impacts:** Resource extraction can have negative social and environmental consequences. Trust funds can be used to address these concerns through environmental restoration projects or social programs.
- **Fostering Sustainable Growth:** Investments in education, training, and infrastructure development can promote long-term economic opportunities within Indigenous communities (AFN, 2021).
- **Empowering Indigenous Communities:** Trust fund management often involves Indigenous leadership and stakeholders. This level of autonomy allows communities to determine how trust fund revenues are invested and utilized, ensuring alignment with their priorities and needs (AFN, 2021).

A Model for Collaborative Resource Management:

The Canadian Aboriginal Trust Fund model embodies a collaborative and inclusive approach to resource management. It seeks to address historical injustices by promoting equitable sharing of benefits derived from resource extraction. Ultimately, the model fosters self-determination and well-being within Indigenous communities by enabling them to leverage resource revenues to support community-driven development initiatives (AFN, 2021).

Strengths:

- **Community Control:** A critical advantage of this model is the increased control Indigenous communities have over their resources. The trust fund framework empowers them to make decisions regarding fund allocation based on their specific needs and priorities. This fosters self-determination and allows communities to invest in projects that align with their long-term development goals (World Bank, 2011).
- **Decision-Making Power:** Indigenous communities are typically involved in the governance structure of the trust funds. This participation in decision-making processes ensures that resources are directed towards projects that address their most pressing challenges and contribute to their long-term vision for the future (Eyre & Lautens, 2006).

Weaknesses:

- **Management Complexity:** Effectively managing trust funds requires financial expertise and strong governance structures. This can be a significant challenge for some Indigenous communities, particularly those with limited experience in financial management (World Bank, 2011). Building capacity within communities to manage these funds is crucial for their long-term success.
- **Transparency and Accountability:** Ensuring transparency and accountability within the trust fund management structure is essential to maintain community trust and confidence. However, achieving this can be difficult, especially in communities with limited resources for independent oversight (Eyre & Lautens, 2006). Implementing robust reporting mechanisms and fostering open communication with community members are key steps in addressing this challenge.

Overall, the Canadian Aboriginal Trust Fund model offers a promising approach for empowering Indigenous communities and promoting sustainable development. By providing greater control over resources and decision-making power, this model can contribute to improved living standards and a brighter future for Indigenous communities in Canada.

Trust Fund Management: Navigating a Complex Landscape

Trust funds, established for diverse purposes such as securing a child's future or supporting resource-dependent communities, offer a promising avenue for long-term financial stability and development. However, effectively managing these funds necessitates navigating a complex landscape of challenges.

Balancing Risk and Return in a Regulatory Environment:

Trust fund managers face the critical task of striking an optimal balance between risk and return in their investment strategies. This requires ensuring the fund's long-term sustainability while navigating the volatility of financial markets and adhering to an intricate web of regulations (Grant, 2023; Clarke, 2022; Singh, 2021). These regulations can vary significantly depending on the trust's location and purpose, further adding to the complexity (Grant, 2023).

Reconciling Beneficiary Needs with Fees:

Trusts often have multiple beneficiaries with potentially diverging priorities. Successfully managing these diverse needs often necessitates a delicate balancing act, where fees associated with fund management are kept at a reasonable level to maximize returns for beneficiaries (Clark, 2017; Grant, 2023). Building trust with beneficiaries' hinges on fostering transparency through clear communication and regular reporting practices (Berger, 2020; Singh, 2021).

Ensuring Transparency and Accountability: A Critical Imperative

A critical challenge lies in establishing robust mechanisms to ensure transparency and accountability to all stakeholders, particularly host communities (Heinrich Boll Foundation, 2015). The absence of a well-defined legal framework and clear guidelines for fund allocation, investments, and expenditures can create an environment susceptible to misuse of resources (World Bank, 2008).

Volatile Revenue Streams and Governance Gaps:

Trust funds reliant on revenue streams that fluctuate significantly, such as those derived from natural resources, face the challenge of unpredictable income, potentially jeopardizing the sustainability of long-term projects (IMF, 2012). Furthermore, weak governance structures within the management bodies can significantly hinder a trust fund's ability to achieve its objectives (UNDP, 2007).

Culturally Appropriate Planning and Sustainable Investments:

Project planning and fund utilization that are insensitive to the cultural context of host communities can breed resentment and ultimately undermine development initiatives (World Bank, 2004). Additionally, without strategically planned and responsible investments, the fund itself risks depletion, leaving future generations with inadequate resources (UN, 2015).

Charting a Course for Success:

Despite the significant challenges, the potential of trust funds to empower communities and secure futures remains substantial. By fostering good governance practices, embracing transparency, and prioritizing culturally appropriate, sustainable investments, trust fund managers can effectively navigate this complex landscape and ensure these valuable resources achieve their intended positive impact.

The Path Forward: A Collaborative and Holistic Approach

Despite the challenges, the potential of HCTFs to drive positive change remains significant. A multifaceted approach that extends beyond the internal operations of HCTFs is essential for success. Here are key strategies to build a lasting HCTF management system:

1. Transparency and Accountability: Building Trust

- **Regular Reporting:** Publish detailed reports on fund performance, investments, and expenditures at regular intervals (World Bank, 2008). Make this information accessible to the host community in a clear and understandable format.
- **Grievance Redressal Mechanisms:** Establish clear and accessible channels for stakeholders, particularly the host community, to voice concerns and seek recourse (Heinrich Boll Foundation, 2015).
- **Open Communication:** Maintain open communication channels with the host community through regular meetings, community forums, and accessible communication platforms.

2. Strengthening the Legal Framework: A Solid Foundation

- **Clearly Defined Purpose and Structure:** Develop a robust legal framework that clearly defines the purpose, structure, and operational guidelines of the HCTF (World Bank, 2008). This framework should be established with the participation of the host community.
- **Investment and Risk Management Protocols:** Outline clear investment guidelines that prioritize responsible investing and align with ESG principles. Establish risk management protocols to safeguard the fund's long-term viability.
- **Independent Oversight:** Create independent oversight bodies with diverse representation to monitor fund activities and hold managers accountable.

3. Fostering Collaborative Management: Shared Ownership

- **Stakeholder Inclusion:** Include representatives from the host community and relevant stakeholders in the decision-making process regarding fund allocation and project development (World Bank, 2004). This fosters a sense of ownership and ensures projects address community needs.
- **Culturally Sensitive Planning:** Develop project plans that are sensitive to the cultural context of the host community. Conduct consultations with community members to ensure projects are culturally appropriate and sustainable.
- **Partnerships for Expertise:** Foster partnerships with development agencies, NGOs, and academic institutions to leverage expertise and resources for capacity building and project implementation.

4. Investing for Sustainability: Securing the Future

- **Long-Term Investment Perspective:** Adopt a long-term investment horizon that prioritizes sustainable returns over short-term gains. This ensures the fund remains a reliable source of support for future generations.

- **ESG Integration:** Integrate environmental, social, and governance (ESG) principles into investment decisions. This promotes responsible investing and fosters positive social impact within the host community.
- **Capacity Building:** Allocate resources for capacity-building initiatives within the host community. This empowers community members to manage their resources effectively and build long-term resilience.

5. Continuous Monitoring and Evaluation: Adapting for Success

- **Establish evaluation frameworks:** Regularly monitor and evaluate the performance of HCTF, its investments, and the impact of its projects. This allows for adjustments to strategies and ensures alignment with community needs.
- **Embrace best practices:** Continuously research and implement best practices in HCTF management from around the world. This ensures the HCTF remains innovative and effective.
- **Adaptability:** Be prepared to adapt the HCTF management system to address changing circumstances, such as fluctuations in resource revenue or evolving community needs.

By implementing these strategies, communities can establish a robust and lasting HCTF management system. This system, built on transparency, accountability, and collaboration, empowers host communities to leverage resource wealth for sustainable development and a brighter future.

CONCLUSION: BUILDING A BRIGHTER FUTURE TOGETHER

By embracing a collaborative and holistic approach that prioritizes transparency, good governance, and sustainable practices, HCTFs can evolve from a source of challenges to a powerful engine for community development. Through collective action and a commitment to long-term benefits, HCTFs have the potential to empower host communities, fostering a brighter and more sustainable future for generations to come. Beyond the PIA, the Nigeria government must follow up with providing the governance framework for implementing the petroleum industry act. There must be a deliberate approach to ensure host communities are sensitized to the long-term benefits of strategic investment inline with ESG governance structure benchmarked against international standards. More importantly, the legal framework to resolve infractions and give interpretation to the intents of the PIA must be in place.

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