

Original Research

The politics of petroleum industry act (PIA) on oil producing communities development in selected communities in Akwa Ibom state.: An ASSESSMENT

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Abstract

This study examined the influence of political dynamics, resource distribution conflicts, and governance challenges on the effectiveness of the Petroleum Industry Act (PIA) in Akwa Ibom State. The study was motivated by concerns that despite the introduction of the PIA as a reform framework for improving petroleum governance and enhancing benefits to host communities, implementation outcomes in oil-producing areas remain constrained by structural and institutional challenges. The study adopted a descriptive survey design, and data were collected using structured questionnaires administered to respondents drawn from selected oil-producing communities in Akwa Ibom State. Three research hypotheses were formulated and tested using the chi-square statistical method at a 0.05 level of significance. The findings revealed that political dynamics significantly influence the implementation of the PIA, resource distribution conflicts significantly affect the achievement of its objectives in host communities, and governance challenges alongside corruption significantly reduce the effectiveness of the Act. All null hypotheses were rejected, indicating strong statistical relationships between the variables examined. The study concluded that the effectiveness of the Petroleum Industry Act in Akwa Ibom State is largely shaped by political interference, conflict over resource allocation, and weak governance structures. It recommends strengthening institutional independence, improving transparency in fund management, enhancing inclusive community participation, and enforcing strict anti-corruption measures to ensure effective implementation of the Act.

Keywords: Petroleum Industry Act, political dynamics, resource conflicts, governance, corruption, Akwa Ibom State, host communities.

Introduction

Nigeria, Africa's largest oil producer, has long been at the center of debates on the politics of policy implementation, particularly regarding reforms in the oil and gas sector. As one of the world's major oil-producing nations, the country's petroleum resources have significantly contributed to its economic growth. However, this wealth has not consistently translated into equitable development, especially for oil-producing communities, where the environmental and socio-economic consequences of oil exploration and extraction are most visible.

Environmentally, crude oil extraction has caused extensive degradation in host communities, particularly in Akwa Ibom State. Oil spills, gas flaring, and pipeline leaks have contaminated rivers, streams, and farmlands, undermining the livelihoods of communities dependent on fishing and agriculture. Soil infertility, loss of biodiversity, and deforestation are common outcomes, resulting in long-term ecological damage that threatens food security and public health. Moreover, gas flaring releases harmful greenhouse gases, contributing to climate change and respiratory illnesses among residents (Tom, Ebong and Oki Maureen (2023).

Economically, while oil production contributes significantly to national revenue, local communities often see little direct benefit. Heavy reliance on oil revenue has skewed local economies, reducing investment in alternative sectors such as agriculture and small-scale industry. Many communities experience high poverty levels, unemployment, and underdevelopment despite the wealth generated from their land. Conflicts between oil companies and communities over compensation, land rights, and environmental remediation have led to social unrest, further destabilizing local economies. Poor infrastructure and limited corporate accountability exacerbate these economic challenges, leaving many oil-producing areas trapped in a cycle of resource exploitation without sustainable development (Ebong, Nte, and Okocha (2019).

In health wise, Crude oil exploration and production in communities often create significant health challenges for local populations. The release of hydrocarbons, heavy metals, and other toxic substances into the air, water, and soil can lead to respiratory problems, skin diseases, and gastrointestinal disorders. Gas flaring, a common practice in oil fields, emits pollutants such as sulfur dioxide and nitrogen oxides, which are linked to chronic respiratory conditions like asthma and bronchitis. Contaminated water sources from oil spills and leaks increase the risk of waterborne diseases and can affect agricultural productivity, indirectly impacting nutrition and overall health. Long-term exposure to these pollutants has also been associated with reproductive health issues, developmental problems in children, and even increased risks of cancer. These health challenges add to the socio-economic burden of oil-producing communities, compounding the paradox of oil wealth amidst persistent poverty and poor public health outcomes (Ita, Ebong and Washington (2019)

In response to these concerns, the Petroleum Industry Act (PIA), enacted in 2021, was introduced as a major reform aimed at restructuring the oil and gas sector, strengthening governance, promoting transparency, and improving the welfare of host communities (Akpan, 2021; Ibeanu, 2021). A key provision of the Act is the establishment of the Host Community Development Trust Fund, requiring oil companies to contribute three percent of their annual operating expenses to support community development initiatives, including infrastructure, healthcare, education, and other social amenities (Federal Ministry of Petroleum Resources, 2021). The Act also seeks to address environmental challenges by mandating oil companies to manage oil spills, reduce gas flaring, and adopt better environmental practices (Fayomi, 2021).

Despite these reforms, concerns remain about the PIA's actual impact. Previous efforts to improve conditions in oil-producing communities have often been undermined by weak governance, corruption, and lack of political commitment. Scholars argue that the Act's success depends on effective implementation, transparent resource management, and meaningful community participation in decision-making (Omotola, 2020), Onuoha, Ebong, and Afomba (2019).

In Akwa Ibom State, for example, developmental expectations associated with the PIA have yet to be fully realized. Communities continue to face poverty, inadequate infrastructure and healthcare, and environmental degradation, compounded by political struggles over oil revenue distribution and weak governance practices (Akinlo & Adewuyi, 2019; Ogunleye & Taiwo, 2022).

The PIA was designed to provide a comprehensive framework capable of addressing persistent problems such as environmental degradation, poverty, poor infrastructure, and limited access to basic social services. However, practical implementation has been hindered by entrenched political interests, governance challenges, and corruption, which often undermine policy effectiveness (Olsen & Iqbal, 2020; Obi & Nwosu, 2020). While the PIA represents an important step toward sustainable development in host communities, its long-term success depends on overcoming these political and institutional obstacles. Against this backdrop, this study examines how political dynamics, resource distribution conflicts, and governance issues influence the achievement of the Petroleum Industry Act's objectives. By focusing on Akwa Ibom State, the study aims to provide insights into the broader challenges of policy implementation in Nigeria's oil sector and to offer recommendations for enhancing the effectiveness of future reforms.

Research Objectives

1. To examine the role of political dynamics in shaping the implementation of the Petroleum Industry Act (PIA) in Akwa Ibom State.
2. To investigate how resource distribution conflicts affect the achievement of the PIA's objectives in host communities.
3. To analyze the impact of governance challenges and corruption on the effectiveness of the PIA.

Research Questions

1. What role do political dynamics play in shaping the implementation of the Petroleum Industry Act (PIA) in Akwa Ibom State?
2. How do resource distribution conflicts affect the achievement of the PIA's objectives in host communities in Akwa Ibom State?
3. What impact do governance challenges and corruption have on the effectiveness of the Petroleum Industry Act (PIA) in Akwa Ibom State?

Research Hypotheses

Hypothesis One

- a) **H₀₁**: Political dynamics do not significantly affect the implementation of the Petroleum Industry Act (PIA) in Akwa Ibom State.
- b) **H₁₁**: Political dynamics significantly affect the implementation of the Petroleum Industry Act (PIA) in Akwa Ibom State.

Hypothesis Two

- a) **H₀₂**: Resource distribution conflicts do not significantly affect the achievement of the PIA's objectives in host communities in Akwa Ibom State.
- b) **H₁₂**: Resource distribution conflicts significantly affect the achievement of the PIA's objectives in host communities in Akwa Ibom State.

Hypothesis Three

- a) **H₀₃**: Governance challenges and corruption do not significantly affect the effectiveness of the Petroleum Industry Act (PIA) in Akwa Ibom State.
- b) **H₁₃**: Governance challenges and corruption significantly affect the effectiveness of the Petroleum Industry Act (PIA) in Akwa Ibom State.

Review of Conceptual Literature**Concept of Petroleum Industry Act (PIA)**

The Petroleum Industry Act (PIA) is a major reform introduced in 2021 to address longstanding problems in Nigeria's oil and gas sector. Its main aim is to improve transparency, accountability, and competition while ensuring that oil wealth benefits the wider population, especially communities in oil-producing regions. A key provision of the Act is the restructuring of the Nigerian National Petroleum Corporation into a commercially driven entity to improve efficiency and attract local and foreign investment.

The Act also establishes new regulatory bodies to oversee the sector and introduces a host community development fund to support oil-producing areas that have long suffered from environmental damage, poverty, and poor infrastructure. Additionally, the PIA seeks to strengthen the management of oil revenues through stricter governance and greater transparency, while creating a more predictable legal framework to attract investment into the industry. Despite these reforms, the success of the PIA depends largely on effective implementation, political will, and the capacity to overcome challenges such as corruption, political interference, and weak enforcement. Ultimately, the Act aims to improve governance in the oil sector, promote sustainable economic development, and ensure a fairer distribution of oil wealth to Nigeria's oil-producing communities.

The Act was designed to reform Nigeria's oil and gas sector by improving governance, promoting transparency, encouraging sustainable development, and ensuring that the benefits of oil wealth are fairly distributed, especially to communities hosting oil exploration activities. One of the major objectives of the Act was to strengthen governance and transparency within the oil and gas industry. It introduced new regulatory institutions and clearer operational frameworks to address long-standing issues of inefficiency and corruption in the sector. A key reform included the restructuring of the Nigerian National Petroleum Corporation into a more commercially oriented organization in order to improve accountability, operational efficiency, and investor confidence (Fayomi, 2021). These measures were intended to build a more credible regulatory environment capable of attracting both public trust and international investment.

Another important objective was to attract greater investment into the oil and gas industry. Through institutional restructuring and the establishment of a clearer regulatory framework, the Act sought to make the sector more competitive and predictable for investors. It introduced clearer fiscal terms for oil exploration and production and reduced policy inconsistencies and bureaucratic barriers that previously discouraged investment (Crisp & Oduwole, 2022). By improving the investment climate, the Act aimed to stimulate exploration activities and support the long-term sustainability of Nigeria's petroleum industry. The Act also emphasized the equitable distribution of oil wealth, particularly to host communities that have historically faced environmental damage and socio-economic neglect despite their role in supporting oil production. To address this imbalance,

the legislation created a community development framework that allocates a portion of oil revenues to infrastructure development, healthcare, education, and environmental restoration in host communities. This approach was intended to reduce the socio-economic disparities that have long existed between oil companies and communities in the Niger Delta region (Idemudia & Ite, 2020).

Environmental protection and sustainability also formed a central part of the Act's objectives. Oil exploration activities have caused significant environmental damage in many producing areas, including oil spills, gas flaring, and land degradation. The Act therefore introduced stricter environmental regulations and required oil companies to adopt improved environmental management practices. These provisions aim to reduce ecological damage and ensure that companies take responsibility for remediation and restoration efforts where environmental harm has occurred (Obi & Nwosu, 2021). Another objective of the Act was to promote local employment and economic development. It encourages local participation in the oil and gas sector by requiring companies to employ more Nigerian workers and prioritize local sourcing of goods and services. This approach was designed to strengthen local economies, build skills within host communities, and address unemployment challenges commonly experienced in oil-producing regions (Akinbo & Ogundipe, 2020).

Fiscal reforms were also introduced to improve revenue generation and management within the petroleum industry. The Act revised the fiscal structure governing oil exploration and production in order to create a more competitive and transparent system. Through improved revenue management and accountability, the legislation aimed to ensure that petroleum income supports national development priorities such as infrastructure, healthcare, and education (Fayomi, 2021). Finally, the Act sought to restructure the legal and regulatory framework governing the oil sector. It created new regulatory bodies such as the Nigeria Upstream Regulatory Commission and the Nigeria Midstream and Downstream Petroleum Regulatory Authority to strengthen oversight and improve the management of petroleum resources. These institutional reforms were designed to ensure that Nigeria's oil sector operates in a more transparent, efficient, and sustainable manner.

Determining a Host Community

The provisions in the Petroleum Industry Act (PIA) regarding the definition of areas covered by Host Communities Development Trusts (HCDDTs) effectively grant oil companies broad discretionary authority in determining which communities qualify as "host communities." The amendment to the Regulations defines a host community as "an area of operation within the boundary of the license or lease in which upstream petroleum operations are carried on and any area which hosts a licensee or lessee's operating facilities other than offices used for administrative purposes in accordance with section 318 of the Act." Meanwhile, Section 318 of the PIA itself states that host communities are "communities situated in or appurtenant to the area of operation of a settlor, and any other community as a settlor may determine under Chapter 3 of this Act."

This dual framework raises several concerns. First, the definition is notably vague and expansive, potentially allowing any community within the Niger Delta to claim host status, even if it is only tangentially affected by oil operations. Second, by explicitly empowering the oil company to designate additional communities as host communities, the Act effectively centralizes a decision with significant social and economic implications in the hands of the corporate operator. This level of discretion creates opportunities for manipulation or favoritism, where companies might recognize

certain communities over others based on strategic interests rather than genuine need or impact. The consequences of such flexibility are far-reaching. It can exacerbate tensions among communities competing for recognition and resources, particularly in regions where environmental degradation and underdevelopment are acute. Communities excluded from recognition may feel marginalized, leading to disputes, social unrest, or even litigation. Conversely, communities included solely at the discretion of the company may receive benefits without proportionate engagement in decision-making, undermining the trust and participatory ethos that HCDTs are meant to promote. In effect, while the PIA establishes a mechanism for channeling resources to local populations, its current approach to defining host communities risks entrenching power imbalances and sowing conflict rather than fostering equitable development.

Empirical research on extractive industries suggests that ambiguous definitions of stakeholder groups often correlate with disputes over resource allocation and community benefits (Idemudia, 2011; Obi & Rustad, 2011). In the Nigerian context, where multiple communities may be affected by a single oil operation, giving unilateral authority to companies to define host status without independent oversight may replicate historical patterns of exclusion and exacerbate long-standing grievances. Clearer statutory guidance, independent verification, or participatory mapping processes would be necessary to reduce the potential for abuse and ensure that HCDTs serve their intended purpose of genuine community development.

Features of Oil Producing Host Communities

Oil-producing communities are areas where oil exploration and extraction occur, and their residents are directly affected by the operations of oil companies. In Nigeria, such communities are largely found in the Niger Delta, including states like Akwa Ibom, Bayelsa, Delta, and Rivers, where the oil industry plays a central role in the national economy. Despite their substantial contribution to national revenue, these communities often endure serious socio-economic and environmental challenges, reflecting the paradox of immense oil wealth alongside persistent poverty. Most of these regions are rural or semi-rural, with limited access to basic infrastructure such as healthcare, education, roads, and clean water. The revenue generated from oil typically benefits multinational companies and the federal government more than the local population, intensifying inequality, social tension, and underdevelopment (Onuoha, Ebong, and Afomba (2018, Amnesty International, 2020).

Environmental degradation is a defining feature of oil-producing communities. Oil spills, gas flaring, soil contamination, and water pollution disrupt agriculture, fisheries, and public health, undermining the livelihoods of residents who depend on these resources (Frynas, 2021; Idemudia & Ite, 2020). Gas flaring, in particular, contributes to air pollution and respiratory illnesses, while slow or inadequate remediation efforts exacerbate long-term ecological damage (Akinlo & Adewuyi, 2019). Economically, these communities are heavily dependent on oil, but local residents often see little benefit from the wealth generated, resulting in persistent unemployment and poverty (Amnesty International, 2020).

Social unrest and resentment are common due to unequal wealth distribution and environmental harm, leading to protests, conflicts, and sometimes militant activity as communities demand fair compensation, environmental justice, and resource control (Frynas, 2021). The Niger Delta's oil-producing communities are also ethnically and culturally diverse, home to groups such

as the Ijaw, Itsekiri, Urhobo, and Ibibio, which adds complexity to social and political dynamics regarding leadership, resource allocation, and development representation (Omotola, 2020). Political marginalization further limits local influence in decisions about oil resource management, reinforcing feelings of neglect and fueling demands for greater local control (Idemudia & Ite, 2020).

Health challenges are prevalent due to environmental pollution, with residents suffering from respiratory illnesses, skin conditions, and other health complications amid limited access to quality healthcare (Akinlo & Adewuyi, 2019). Attempts at environmental remediation are often insufficient, with delayed or poorly executed clean-ups leaving long-lasting damage to farmland, forests, and aquatic ecosystems, which undermines food security and livelihoods (Omotola, 2020). In response, host communities have historically resisted perceived exploitation by multinational oil companies through protests, legal action, and occasionally attacks on facilities, reflecting ongoing struggles for fair treatment and equitable benefits from the resources extracted from their land (Frynas, 2021).

This combination of geographical, economic, environmental, social, and political factors shapes the distinctive character of oil-producing communities in Nigeria, highlighting the persistent challenges faced by populations that, despite generating substantial national wealth, continue to grapple with poverty, underdevelopment, and environmental degradation. Despite the enormous revenue derived from oil production, the benefits are rarely experienced by the local populations. Wealth from oil resources is largely controlled by the government and multinational corporations, leaving host communities marginalized with poor access to infrastructure and social amenities. According to Idemudia (2017), the unequal distribution of oil wealth has created resentment and conflict within these regions. Rather than improving living standards, oil exploitation has often deepened poverty and social inequality. The combination of environmental damage and limited economic benefits has created tension between local communities, oil companies, and government authorities.

Powers to Establish Host Communities Development Trust

Under Section 235 of the Petroleum Industry Act (PIA) 2021, every oil company (the “settlor”) operating in a host community is legally mandated to establish a Host Communities Development Trust (HCDDT) to benefit communities affected by its upstream petroleum operations. The Trust must be incorporated as a corporate entity with the Corporate Affairs Commission, and the settlor is required to fund it annually with at least 3 % of its previous year’s operating expenditure, deposited in a bank rated BBB or higher, exclusively for community development purposes. Additionally, the law specifies that the settlor must appoint a Board of Trustees “in consultation with” the host communities (Etim, 2024; NUPRC, 2023). The statutory intent is to institutionalize community participation in local development. Objectives of the HCDDT include promoting sustainable development, economic empowerment, and improvements in local infrastructure, healthcare, and education, funded directly through oil company operations (Petroleum Industry Act, 2021; PIA & You, 2023).

However, in practice, there is a significant gap between the legislative framework and actual community control. The term “in consultation with” does not confer real authority to host communities over trustee appointments or operational decisions. The settlor retains substantial power over criteria for membership, selection processes, meeting procedures, financial

management, and trustee discipline. While implementing regulations require settlors to submit constitutions, trustee lists, and meeting minutes to regulators, they do not clarify whether communities can independently nominate trustees or merely respond to company-proposed lists (Cosetng, 2024).

This matters because the Board of Trustees controls key levers of development: approving projects, allocating funds, and supervising management committees. If the settlor effectively controls trustee appointments, community involvement becomes largely symbolic rather than substantive. Critics argue that framing participation as “consultation” rather than giving communities clear nomination or selection rights entrenches oil company dominance over governance structures meant to serve local interests (Health of Mother Earth Foundation, 2021). Without stronger legal safeguards on nomination rights, accountability to communities, and due process protections for trustees, participation under the PIA risks being reduced to a procedural formality rather than a meaningful mechanism for local development and transparency (Cosetng, 2024).

Governance of the Host Community Development Trust

Under Section 247 of the Petroleum Industry Act (PIA) 2021, the Board of Trustees of a Host Communities Development Trust (HCDDT) is required to establish a management committee responsible for the general administration of the Trust on an ad hoc basis. The management committee’s duties include preparing the HCDDT budget, managing contracting processes—including determining project awardees—and supervising project execution. The Board of Trustees retains broad authority over the committee, including the power to determine its composition, member selection, remuneration, discipline, qualifications, disqualification, suspension, and removal (PIA, 2021, s.247).

According to Section 18 of the PIA Regulations 2021, the management committee must include non-executive members representing each host community, nominated by their respective communities, in addition to executive members selected by the Board. Executive members are required to be Nigerian citizens of “high integrity and professional standing” but are not required to belong to the host community. Notably, the PIA and its regulations do not define the specific roles, responsibilities, or authority of non-executive members. In corporate governance practice, non-executive members typically have limited roles, focusing on oversight and monitoring, and may be excluded from voting on key decisions (Etim, 2022; Okoronkwo, 2021).

Further, Section 249 of the PIA establishes a Host Communities Advisory Committee, tasked with nominating non-executive members to the management committee, proposing community development projects, monitoring project implementation, and advising on activities to enhance infrastructure security (PIA, 2021, s.249). Overall, the HCDDT governance framework heavily favors oil company control, providing minimal substantive participation for host communities. This arrangement reinforces the perception that host communities lack the capacity to manage development projects independently and positions oil companies as de facto administrators. The regulations also explicitly shield oil companies from liability regarding HCDDT performance, stating that “a settlor shall not be liable for the performance or nonperformance of the obligations of the trust or the board of trustees of the fund” (PIA Regulations, 2021, s.18), further limiting accountability.

The Legalization of CSR and Managing Community Expectations

Before the enactment of the Petroleum Industry Act (PIA) 2021, oil companies operating in Nigeria relied heavily on Memoranda of Understanding (MoUs) as the main mechanism for engaging host communities. These MoUs were usually negotiated following consultations with community leaders, local councils, and other stakeholders, and they often specified annual contributions from the oil companies toward local development projects, such as schools, health facilities, water supply systems, and road maintenance. Management of these projects was generally overseen by community-established frameworks, which allowed communities a degree of autonomy in deciding priority projects and ensuring that the benefits directly addressed local needs (Etim, 2022). Although MoUs were not legally enforceable, they were widely respected and provided communities with predictable and transparent benefits, while also fostering a sense of participation and ownership in local development initiatives. This arrangement allowed communities to maintain some level of control over how resources were allocated and projects implemented, creating a relatively stable relationship between oil companies and their host areas.

With the introduction of the PIA, the regulatory landscape changed significantly with the establishment of the Host Communities Development Trust (HCDDT), which effectively replaced the MoU system. The HCDDT is designed to formalize and centralize the management of community development funds, requiring oil companies to contribute a set percentage of their annual operating expenses into a trust fund dedicated to host communities. While the intention was to standardize contributions and ensure accountability, in practice the HCDDT has shifted decision-making power away from the communities and toward the oil companies and the trust's governing structures (Olaoye & Olagunju, 2023). Communities that were used to the direct negotiation and influence of MoUs often find themselves with reduced control over which projects are prioritized, how funds are allocated, and the timing of project implementation. This contrasts sharply with the MoU system, where benefits were clear, predictable, and tailored to local priorities.

Moreover, the transition to the HCDDT has introduced uncertainty and confusion in some host communities. Many community members assume that MoUs and HCDDTs will operate concurrently, continuing the same level of benefits while introducing additional funding mechanisms. This misunderstanding has occasionally led to unrealistic expectations, disputes, and tensions between community members, oil companies, and government agencies responsible for oversight (Etim, 2022). While the HCDDT framework provides a legally enforceable structure for community development, its implementation challenges including limited transparency, delays in fund disbursement, and perceived corporate dominance in decision-making have raised questions about whether the new system genuinely improves outcomes for host communities compared to the traditional MoU approach.

PIA and the Determinants of Community Entitlements

Under Section 240 of the Petroleum Industry Act (PIA) 2021, oil companies (referred to as settlors) are legally required to contribute 3% of the previous year's operating expenses from their upstream petroleum operations to the Host Communities Development Trust (HCDDT) (PIA, 2021). This contribution is intended to directly support the social and economic development of host communities affected by oil operations. In practice, host communities often lack access to verified financial and operational data from the oil companies, making it difficult for them to independently

confirm that the correct amounts are being remitted (Etim, 2022). The regulatory framework allows oil companies and the Nigerian Upstream Petroleum Regulatory Commission to largely control the distribution of these funds, as Sections 245 and 22 of the regulations empower companies to propose allocation frameworks based on “equitable and economic principles” and to align with pre-existing community development programs (PIA, 2021; NNPC, 2022).

This setup places substantial discretion in the hands of the companies, which can generate disputes among communities, especially in regions where multiple communities claim host status or where boundaries and resource entitlements are contested (Olaoye & Olagunju, 2023).

Additional challenges include:

- a) **Limited transparency and auditability:** Even when HCDTs are formally established, independent audits are often scarce, and reporting to communities may be delayed or incomplete, reducing trust in the system (Akinyemi, 2022).
- b) **Accountability gaps:** The management committees of HCDTs are frequently populated by representatives selected with minimal community input, which can lead to conflicts of interest and undermine equitable project selection (Okonkwo, 2021).
- c) **Disparities in benefit distribution:** Some communities receive a larger share of projects or funding due to political influence, company presence, or better organizational capacity, creating perceptions of favoritism (Idemudia, 2020).

While the PIA formally legalizes community development funding, the combination of limited data access, discretionary allocation powers, and weak enforcement mechanisms has meant that many host communities still struggle to secure predictable and transparent benefits from oil operations.

PIA and the Assessment of Host Community Needs

Under Section 251 of the Petroleum Industry Act (PIA, 2021), oil companies are mandated to assess the development needs of host communities, including areas such as education, infrastructure, utilities, health, recreation, and economic empowerment. The regulations also give companies the discretion to identify “other needs” they consider necessary for community development (Section 20(1)), often without structured or formal input from the communities themselves. While the PIA acknowledges community engagement during the needs assessment, it does not prescribe a detailed process for participation nor require that communities approve the plans before submission to the regulatory Commission. Similarly, any amendments to development plans need only Commission approval, not community consent. This framework effectively positions host communities in a passive role, limiting their ability to influence development priorities and reinforcing the perception that they are not capable of articulating or managing their own developmental needs (Etim, 2022; Nwosu, 2023).

PIA and the Development of Oil-Producing Communities in the Niger Delta: An Assessment.

The relationship between the Petroleum Industry Act (PIA) and the development of oil-producing communities in Nigeria is at the center of efforts to reform the oil sector. Oil-producing communities, particularly in regions like the Niger Delta, have historically borne the brunt of oil extraction without reaping its benefits. These communities have suffered from severe environmental degradation, poverty, poor infrastructure, and limited access to healthcare, despite being the primary sources of Nigeria’s oil wealth (Okonta, 2015; Nwokeji, 2019). The extraction of oil has led to

widespread environmental issues such as oil spills, gas flaring, land degradation, and water contamination, which have harmed local livelihoods, health, and the environment (Adebayo, 2017; Omotola, 2010). Despite these challenges, the wealth generated from oil extraction has been concentrated in the hands of multinational corporations and the state, leaving the local populations in a state of underdevelopment (Nnimmo, 2018).

The Petroleum Industry Act (PIA), introduced in 2021, aims to address these historical injustices and ensure a more equitable distribution of Nigeria's oil wealth. By mandating the allocation of a portion of oil revenues to host communities, the PIA is designed to foster the development of infrastructure, healthcare, education, and environmental restoration in oil-producing areas (Frynas, 2021; Idemudia & Ite, 2020). The PIA allocates 3% of oil companies' operating expenditures to a trust fund dedicated to the development of host communities. These funds are meant to be used for local development projects such as road construction, healthcare facilities, educational infrastructure, and environmental remediation (Aghalino & Ogbogbo, 2020; Nwosu, 2022).

Despite the potential of the PIA to bring about positive change, its success is contingent on effective governance, political will, and transparent management of funds. Previous attempts at addressing the challenges of oil-producing communities have been hindered by issues of corruption, mismanagement of funds, and political interference, which have undermined the effectiveness of policies aimed at alleviating poverty and promoting sustainable development in these regions (Akinola, 2019; Oyebanji, 2021). Furthermore, the implementation of the PIA is complicated by local power dynamics, where the control of resources and decision-making processes is often concentrated in the hands of political elites (Frynas, 2021; Okeke, 2017).

Another key aspect of the PIA is its emphasis on economic diversification, aiming to reduce the dependence of oil-producing communities on oil revenues. Through investments in agriculture, small-scale industries, and local entrepreneurship, the PIA seeks to create sustainable economic opportunities for local populations, allowing them to build resilient economies that are less vulnerable to fluctuations in global oil prices (Akinola & Adeyemo, 2021; Idemudia, 2020). However, the success of this diversification will depend on the creation of an enabling environment, including access to credit, infrastructure, and capacity-building initiatives (Idemudia, 2020; Nwosu, 2022).

The PIA also mandates the creation of the Host Communities Development Trust (HCDDT), a platform through which local communities can actively participate in decision-making and the management of development projects funded by oil revenues. This provision is critical, as it empowers local populations to have a say in how the funds are allocated and used, potentially fostering a sense of ownership and responsibility for the development of their communities (Bello, 2021; Okwara, 2020). However, the extent to which local communities can meaningfully engage in these processes remains uncertain, as political and social factors may limit their involvement (Ogunleye & Taiwo, 2022; Idemudia & Ite, 2020).

In terms of environmental restoration, the PIA includes provisions for the remediation of lands and waters damaged by oil extraction activities. This is a critical issue, as environmental degradation in oil-producing communities has long been a source of conflict and unrest (Nwokeji, 2019; Okonta & Douglas, 2003). The PIA's emphasis on environmental justice aims to mitigate the

adverse effects of oil extraction by holding companies accountable for their environmental impact and ensuring that appropriate measures are taken to restore damaged ecosystems (Frynas, 2021; Idemudia & Ite, 2020). While the PIA holds significant potential to transform the socio-economic landscape of oil-producing communities, its effectiveness will depend on the political, social, and economic environments in which it is implemented. The success of the PIA in addressing the long-standing challenges of oil-producing communities will require strong governance, transparency, and community participation. If implemented effectively, the PIA could help break the cycle of poverty and underdevelopment that has plagued Nigeria's oil-producing regions, contributing to a more equitable distribution of the nation's oil wealth (Adebayo, 2017; Frynas, 2021). However, the political and institutional challenges that have historically hindered the effective implementation of policies in Nigeria's oil sector remain a significant obstacle to the successful realization of the PIA's objectives (Okeke, 2017; Okwara, 2020).

Empirical Literature Review

Empirical studies on the Petroleum Industry Act (PIA) in Nigeria have examined its implications for governance, host community development, conflict management, and institutional effectiveness using diverse methodological approaches. These studies provide evidence that political dynamics, resource distribution conflicts, and governance challenges significantly influence the outcomes of the Act across oil-producing regions, including the Niger Delta.

Ekong (2023) conducted an empirical analysis of the relationship between the implementation of the PIA and the performance of Nigeria's oil and gas sector using an Ordinary Least Squares (OLS) regression model. The study utilized indicators such as oil production output and unemployment rates to measure sectoral performance. The findings revealed a significant negative relationship between weak implementation of the PIA and oil production levels, suggesting that institutional inefficiencies, regulatory uncertainty, and community unrest continue to hinder the sector. The study concluded that without strengthening institutional capacity and ensuring effective policy execution, the PIA may not achieve its intended economic and developmental objectives.

Similarly, Eze and Okonkwo (2022) adopted a qualitative research design based on secondary data and a political economy framework to assess whether the PIA can promote sustainable development and peace in the Niger Delta. Their findings indicated that despite the establishment of the Host Community Development Trust Fund, corruption, elite capture, and weak accountability mechanisms continue to limit its effectiveness. The study emphasized that political interference in resource allocation often diverts benefits away from host communities, thereby undermining the core objectives of the Act. It further concluded that strengthening transparency and governance structures is essential for the success of the PIA.

In another empirical study, Uzorka and Henshaw (2022) analyzed the effectiveness of the PIA in reducing conflict in oil-producing communities using a qualitative approach. The study found that while the Act introduces mechanisms intended to address long-standing grievances, such as structured benefit-sharing, it has also generated new forms of conflict, particularly regarding the identification of host communities and the management of trust funds. The authors argued that the persistence of exclusion, lack of community participation, and structural inequalities continue to fuel tensions, thereby limiting the conflict-resolution potential of the PIA.

Furthermore, Naeyor et al. (2025) conducted a comprehensive review of empirical studies on resource conflicts in the Niger Delta and their implications for the PIA. The study identified both inter-community and intra-community conflicts as major challenges affecting the implementation of the Act. Findings showed that disputes over land ownership, environmental degradation, and perceived marginalization contribute to ongoing tensions between communities, oil companies, and government agencies. The study also highlighted that inadequate financial allocation and lack of awareness of PIA provisions exacerbate dissatisfaction among host communities, thereby undermining the achievement of the Act's development objectives.

On the issue of governance and corruption, Ogunleye et al. (2024) examined the effectiveness of anti-corruption frameworks in Nigeria's petroleum sector using policy analysis and institutional assessment techniques. The study found that although the PIA has introduced reforms aimed at improving transparency and accountability, corruption remains prevalent due to weak enforcement mechanisms and political interference. The findings suggest that the effectiveness of the PIA is highly dependent on the independence and efficiency of regulatory institutions, as well as the political will to enforce compliance and accountability.

In a related study, Uwaezuoke and Ndukwe (2025) evaluated the impact of the PIA on governance and economic performance in Nigeria's oil sector using a mixed-method approach that combined policy analysis with secondary economic data. The study found that while the Act has contributed to some improvements in regulatory structure and revenue management, challenges such as oil theft, revenue leakages, and weak monitoring systems continue to limit its effectiveness. The findings also indicated that although Host Community Development Trusts have reduced incidents of vandalism in some areas, inconsistencies in implementation and poor oversight reduce their overall impact.

Additionally, broader empirical evidence on Nigeria's petroleum sector highlights the persistent role of governance failures in undermining policy outcomes. Ejiogu et al. (2018) found that transparency initiatives in the extractive sector have had limited success due to systemic corruption and institutional weaknesses. The study revealed that despite efforts to improve accountability, issues such as revenue mismanagement, lack of regulatory enforcement, and political interference continue to hinder effective governance. These findings reinforce the argument that without addressing underlying governance challenges, reforms like the PIA may not achieve their intended outcomes.

Finally, Obi (2010) provided empirical insights into the socio-economic conditions of oil-producing communities in the Niger Delta, highlighting the paradox of resource wealth and persistent underdevelopment. The study found that despite significant oil revenues, host communities continue to experience poverty, unemployment, and infrastructural deficits due to poor governance and inequitable resource distribution. This suggests that unless the PIA effectively addresses these structural issues, its potential to transform host communities may remain limited.

The Political Dynamics in Shaping the Implementation of the Petroleum Industry Act (PIA) In Akwa Ibom State

The implementation of the Petroleum Industry Act (PIA) in Akwa Ibom State is strongly shaped by complex political dynamics that operate across federal, state, and local levels of governance. At the federal level, the Act reinforces centralized control over petroleum resources through institutions

such as regulatory commissions and the national oil company, whose leadership is appointed by the central government. This centralization limits the direct influence of oil-producing states like Akwa Ibom, even though they bear the environmental and socio-economic consequences of oil exploration. As a result, the effectiveness of PIA implementation in the state often depends on the nature of political relationships between federal authorities and state leadership. When there is political alignment, state actors may gain more access to opportunities, funding, and decision-making influence; however, where such alignment is absent, implementation may be slower or less beneficial to local interests (Adebayo & Ojo, 2022; Ejiogu, Ejiogu, & Ambituuni, 2018).

At the state level, political structures and elite networks play a crucial role in mediating the benefits and processes associated with the PIA. Political elites often position themselves as intermediaries between federal agencies, oil companies, and host communities. This creates a situation where access to the benefits of the Act, such as contracts, employment opportunities, and development projects, is influenced by political loyalty and patronage rather than objective criteria. Consequently, the intended developmental goals of the PIA may be distorted, as decisions are driven more by elite bargaining and political calculations than by the needs of the communities directly affected by oil activities (Watts, 2004; Obi, 2010). This dynamic reinforces inequality and can deepen mistrust among local populations.

Furthermore, patron-client relationships, which are deeply embedded in Nigeria's political system, significantly affect how the PIA is implemented at the grassroots level. Political actors may use the structures established under the Act, such as Host Community Development Trusts, as tools for consolidating power and rewarding loyal supporters. This often leads to the capture of community-based institutions by a few influential individuals, thereby undermining transparency and accountability. In addition, weak institutional frameworks and inconsistent enforcement of regulations allow political interference to persist, resulting in delays, selective implementation, and uneven outcomes across different communities. Electoral considerations also come into play, as political leaders may prioritize short-term gains, such as distributing benefits during election periods, over long-term development objectives (Okeke & Eme, 2021; Nwapi, 2021). Taken together, these political dynamics significantly shape both the process and outcomes of PIA implementation in Akwa Ibom State.

Resource Distribution Conflicts and its Effect on the Achievement of The PIA'S Objectives In Host Communities of The Niger Delta.

Resource distribution conflicts present a major obstacle to the achievement of the Petroleum Industry Act's objectives in host communities within Niger Delta Region. One of the central goals of the PIA is to promote peace and sustainable development through structured benefit-sharing mechanisms, particularly the Host Community Development Trust Fund. However, the process of determining which communities qualify as "host communities" often leads to disputes, especially in areas where oil-bearing lands are contested. Inter-community conflicts frequently arise over boundary definitions and claims of ownership, with multiple communities asserting rights to the same resources. These disputes can result in the exclusion of certain groups from the benefits of the Act, thereby fueling resentment and undermining the goal of equitable development (Ibaba, 2011; Ikelegbe, 2013, Ebong *et al*, 2019).

In addition to conflicts between communities, internal divisions within communities also hinder effective implementation. Leadership struggles among traditional rulers, youth groups, and local elites often create tensions over who controls the funds and decision-making processes associated with the PIA. These intra-community conflicts can delay project execution, lead to mismanagement of resources, and reduce the overall impact of development initiatives. When community members perceive that benefits are being unfairly distributed or controlled by a select few, trust in both the government and oil companies diminishes significantly. This erosion of trust weakens community cooperation, which is essential for the successful implementation of development projects (Omeje, 2006; Idemudia, 2009).

Moreover, the perceived inadequacy of the financial provisions under the PIA contributes to ongoing dissatisfaction among host communities. Many stakeholders argue that the percentage allocated to host communities does not sufficiently compensate for the environmental degradation and economic disruption caused by oil exploration. This perception of inequity often triggers protests, agitation, and in some cases, acts of sabotage against oil infrastructure. Such actions not only disrupt production activities but also discourage investment and hinder the long-term sustainability of the sector. Youth restiveness, in particular, remains a critical issue, as unemployed and marginalized young people may resort to militancy or vandalism as a means of expressing frustration. These conflicts collectively undermine the PIA's objective of fostering peace, stability, and development in host communities (Ukeje, 2001; Obi, 2010).

Governance Challenges and Corruption on the Effectiveness of the PIA in the Niger Delta Region of Nigeria: An Overview.

Governance challenges and corruption significantly undermine the effectiveness of the Petroleum Industry Act in the region, despite its comprehensive legal framework. One of the most persistent issues is the lack of transparency and accountability in the management of oil revenues. Historically, Nigeria's petroleum sector has been characterized by revenue leakages, opaque financial practices, and weak oversight mechanisms. Although the PIA introduces reforms aimed at improving governance, concerns remain about the actual implementation of these measures. When funds intended for development are mismanaged or diverted, the capacity of the Act to deliver tangible benefits to host communities is severely compromised (NEITI, 2022; Transparency International, 2021).

Another major challenge is the phenomenon of elite capture, where powerful individuals within political and economic systems appropriate resources meant for the broader population. In the context of the PIA, this often manifests in the control of community trust funds and development projects by a small group of influential actors. These individuals may prioritize personal gain over community welfare, leading to poor project outcomes and limited socio-economic impact. As a result, the intended benefits of the Act fail to reach the majority of the population, perpetuating cycles of poverty and underdevelopment in oil-producing areas (Acemoglu & Robinson, 2012; Ross, 2012).

Weak regulatory enforcement further exacerbates governance problems. While the PIA establishes regulatory bodies to oversee the sector, their effectiveness is often limited by political interference, inadequate capacity, and institutional inefficiencies. This weak enforcement environment allows non-compliance with environmental and operational standards to persist,

contributing to ongoing environmental degradation and social discontent. Bureaucratic inefficiency also slows down the implementation process, as delays in approvals, fund disbursement, and project execution create opportunities for corruption and reduce the overall impact of policy interventions (Ejiogu et al., 2018; Nwapi, 2021).

Finally, the broader legacy of poor governance in Nigeria's extractive sector continues to affect the implementation of the PIA. Long-standing issues such as policy inconsistency, lack of institutional independence, and limited public participation have created a system where reforms are often well-designed but poorly executed. Without significant improvements in governance structures, transparency, and accountability mechanisms, the PIA risks repeating the failures of previous policies. In essence, the success of the Act depends not only on its provisions but also on the strength and integrity of the institutions responsible for its implementation (Okeke & Eme, 2021; Obi, 2010).

Theoretical Framework

This study adopted the theory of Relative Deprivation to explain the injustice, marginalization, social deviance and grievances pose by the inhabitants of the host communities in Niger Delta as a result of inhuman treatment and environmental devastation caused by oil operators in the region. Relative deprivation approach was developed by Samuel Scouffer in 1939 to explain social movement. American sociologist, Robert K. Merton was among the first to adopt the concept of relative deprivation in social sciences in order to understand "social deviance" adopting, Emile Durkheim's concept of "anomie" as a starting point. Relative deprivation according to Lain, and Heather (2001), is the experience of being deprived of something to which one believes oneself to be entitled. It refers to the discontent a people feel when they have less of what they expect when compared their positions with others and realize that they have less of what they expect than those around them. Dode (2014) in his work on principle of comparative federalism argues that unequal socio-economic development of the various ethnic groups in Nigeria led to inter-ethnic and intra-ethnic conflicts. Once there is an uneven development in some facets of human existence within a given society, the different group will definitely become immersed in the competition for goods of modernity which invariably leads to a conflict situation.

Thus, in the light of the above theory, the Niger Delta people consider themselves as being deprived of their excellent fishing ground, good health, as well as agriculture production which was their main activity before the advent of crude oil in the region. In some oil producing communities where agricultural production is in place, much yield is not recorded due to the damages of farmlands and produced occasioned by the activities of oil Multinational Corporation. The literature on the Niger Delta highlights poverty, unemployment, underdevelopment, and rural urban migration as the consequences of oil spillage and gas flaring in the region. Many inhabitants of the host communities in the Niger Delta have migrated to other regions, seeking for the necessary ways of surviving. The people of the region where the nation derives greater percentage of her natural resources have persistently complained that adequate attention has not been given to them as regards to development, employment, social amenities, etc. despite the environmental devastation caused by oil operators in the region. Hence, both government and the oil operators seem to pay no or less attention to the harm caused by oil production on the environment and agriculture production in the region. These however, become sources of agony, pains, disillusionment for the people of the

region. In consequences, the region has been immersed by agitation, protest, and struggle against perceived injustice, inequality, marginalization, and neglect. The protest has been so broad, intense and militant that between 2000 to 2016, the region slipped into insurrection and insurgency.

Research Design

The study adopted a descriptive survey research design that combined both qualitative and quantitative approaches. Data were collected from primary and secondary sources. Primary data were obtained through questionnaires, focus group discussions (FGD), and personal interviews, while secondary data were sourced from academic journals, textbooks, newspapers, government bulletins, and institutional reports. The research focused on oil-producing communities in Akwa Ibom State. Although Akwa Ibom State has ten oil-producing Local Government Areas (LGAs), this study focused on three LGAs: Ibeno, Eket, and Eastern Obolo to allow for a more in-depth and context-specific analysis. Within these LGAs, six oil-producing communities were purposively selected: Atabrikang and Mkpanak in Ibeno LGA; Ikot Usekong and Ikot Udota in Eket LGA; and Iko Town and Udum-Unenne in Eastern Obolo LGA.

According to the 2006 National Population Census (NPC), Ibeno LGA had a population of 77,076, Eket LGA had 172,856, while Eastern Obolo LGA recorded 60,543. Using the National Bureau of Statistics (NBS) annual population growth estimate of approximately 2.5%, these figures are projected to about 120,000 for Ibeno, 270,000 for Eket, and 95,000 for Eastern Obolo as of 2025. The selected communities are subsets of these LGAs and represent a significant proportion of the oil-producing population within the study area, particularly due to their proximity to oil exploration activities and related socio-economic impacts. The population of the study therefore comprised adult residents (18 years and above) within these selected communities, including farmers, fishermen, civil servants, students, traders, self-employed individuals, and other members of the general public. These categories were considered relevant because they directly experience the socio-economic and environmental effects of petroleum activities and the implementation of the Petroleum Industry Act (PIA). Using the Taro Yamane (1967) formula for sample size determination, a sample size of 402 respondents was derived from the projected population, ensuring adequate representation and statistical reliability for the study. Out of which 380 were retrieved and use for statistical calculation.

A multi-stage sampling technique involving purposive, cluster, stratified, and simple random sampling methods was employed to ensure adequate representation across the different groups within the communities. Data collection instruments included a structured questionnaire designed on a four-point Likert scale (Strongly Agree, Agree, Strongly Disagree, Disagree) and open-ended questions, supported by interviews and focus group discussions. The questionnaire consisted of two sections: one addressing respondents' demographic information and another containing both structured and unstructured questions to capture their views on the issues under study. Quantitative data were analyzed using the Chi-square statistical technique at a 0.05 level of significance to test the study's hypotheses, while qualitative data from interviews and focus group discussions were analyzed using descriptive methods.

Testing of Hypotheses

Testing of Hypothesis one Political Dynamics tends to affect PIA Implementation in Akwa Ibom State (N = 380)

S/N	Questionnaire Item	SA	A	U	SD	D	Total
1	Political interference significantly influences how the PIA is implemented in my community in Akwa Ibom State	150	120	40	40	30	380
2	Government officials prioritize political interests over community needs in the implementation of the PIA in Akwa Ibom State	140	130	40	40	30	380
3	The distribution of PIA benefits is influenced by political connections and affiliations in Akwa Ibom State	155	125	35	35	30	380
4	There is effective collaboration between government and community leaders in implementing the PIA in Akwa Ibom State	135	125	50	40	30	380
5	Changes in political leadership affect the continuity of PIA-related projects in my area in Akwa Ibom State	145	125	40	40	30	380

Chi-Square Test for Hypothesis One

Political Dynamics and PIA Implementation (N = 1900)

Response	Observed Frequency (O)	Expected Frequency (E)	O – E	(O – E) ²	(O – E) ² / E
SA	725	380	345	1,19,025	313.22
A	625	380	245	60,025	157.96
U	205	380	-175	30,625	80.59
SD	195	380	-185	34,225	90.07
D	150	380	-230	52,900	139.21

Summary Table

Item	Value
Total Responses (N)	1900
Degrees of Freedom (df)	4
Chi-Square Calculated (χ^2)	781.05
Critical Value (0.05, df = 4)	9.488
Decision	Reject Null Hypothesis

Decision

Since the calculated chi-square value ($\chi^2 = 781.05$) is greater than the critical value (9.488) at the 0.05 level of significance with 4 degrees of freedom, the null hypothesis is rejected. Consequently, the alternative hypothesis is accepted. This result indicates that political dynamics have a statistically significant influence on the implementation of the Petroleum Industry Act (PIA) in Akwa Ibom State. In practical terms, it implies that political interference, elite influence, and leadership changes play a decisive role in shaping how PIA policies are executed within host communities. The finding suggests that implementation outcomes are not purely administrative or

technical, but are largely influenced by political structures and power relations operating within the state.

Testing of Hypothesis two: Resource Distribution Conflicts is likely to affect PIA Objectives implementation in Akwa Ibom State (N = 380)

S/N	Questionnaire Item	SA	A	U	SD	D	Total
6	Conflicts between communities affect the fair distribution of PIA benefits in Akwa Ibom State	160	120	40	35	25	380
7	Disagreements within my community hinder the successful implementation of PIA projects in Akwa Ibom State	150	125	40	40	25	380
8	Some communities are unfairly excluded from benefiting from the PIA in Akwa Ibom State	165	115	35	40	25	380
9	Resource distribution conflicts reduce the effectiveness of development projects in my area in Akwa Ibom State	155	125	40	35	25	380
10	The PIA has helped to reduce conflicts among oil-producing communities in Akwa Ibom State	140	120	50	40	30	380

Resource Distribution Conflicts affect achievement of PIA objectives in host communities (N = 1900)

Chi-Square Test Table

Response	O	E	O – E	(O – E) ²	(O – E) ² / E
SA	770	380	390	1,52,100	400.26
A	605	380	225	50,625	133.22
U	205	380	-175	30,625	80.59
SD	190	380	-190	36,100	95
D	130	380	-250	62,500	164.47

Summary of Test

Item	Value
Total Responses (N)	1900
Expected Frequency (E)	380
Degrees of Freedom (df)	4
Chi-Square Calculated (χ^2)	873.54
Critical Value (0.05)	9.488
Decision	Reject Null Hypothesis

Decision

Since the calculated chi-square value (873.54) is greater than the critical value (9.488), the null hypothesis is rejected. This implies that resource distribution conflicts significantly affect the achievement of Petroleum Industry Act (PIA) objectives in host communities.

Testing of Hypthesis three: Governance Challenges, Corruption tends to affect PIA Effectiveness in Akwa Ibom State (N = 380)

S/N	Questionnaire Item	SA	A	U	SD	D	Total
11	Corruption affects the proper implementation of the PIA in my community in Akwa Ibom State	150	120	30	110	40	450
12	Funds meant for community development under the PIA are often mismanaged in Akwa Ibom State	140	130	20	50	40	380
13	Government agencies responsible for implementing the PIA lack transparency in Akwa Ibom State	130	120	40	50	40	380
14	Weak monitoring and supervision reduce the effectiveness of PIA projects in Akwa Ibom State	120	130	40	50	40	380
15	The PIA has improved accountability and governance in oil-producing communities in Akwa Ibom State	70	80	60	90	80	380

Governance Challenges and Corruption affect PIA effectiveness in Akwa Ibom State (N = 1900)

Step 1: Observed Frequencies (O)

Response	O
SA	150 + 140 + 130 + 120 + 70 = 610
A	120 + 130 + 120 + 130 + 80 = 580
U	30 + 20 + 40 + 40 + 60 = 190
SD	40 + 50 + 50 + 50 + 90 = 280
D	40 + 40 + 40 + 40 + 80 = 240
Total N = 1900	

Expected frequency (E) = 1900 ÷ 5 = 380

Chi-Square Test Table

Response	O	E	O – E	(O – E) ²	(O – E) ² / E
SA	610	380	230	52,900	139.21
A	580	380	200	40,000	105.26
U	190	380	-190	36,100	95
SD	280	380	-100	10,000	26.32
D	240	380	-140	19,600	51.58

Summary of Test

Item	Value
Total Responses (N)	1900
Expected Frequency (E)	380
Degrees of Freedom (df)	4
Chi-Square Calculated (χ^2)	417.37
Critical Value (0.05)	9.488
Decision	Reject Null Hypothesis

Decision

Since the calculated chi-square value ($\chi^2 = 417.37$) is greater than the critical value (9.488) at the 0.05 level of significance, the null hypothesis is rejected. This implies that there is a statistically significant relationship between governance challenges, corruption, and the effectiveness of the Petroleum Industry Act (PIA) in Akwa Ibom State. In practical terms, it suggests that weaknesses in governance structures such as lack of transparency, poor accountability mechanisms, and institutional inefficiencies play a major role in limiting the successful implementation of the Act and its intended benefits for host communities.

Discussion of findings

The results of the study revealed that all three null hypotheses were rejected, indicating statistically significant relationships between the variables examined and the implementation outcomes of the Petroleum Industry Act (PIA) in Akwa Ibom State. Specifically, the findings show that political dynamics significantly influence the implementation of the PIA ($\chi^2 = 781.05 > 9.488$), resource distribution conflicts significantly affect the achievement of PIA objectives in host communities ($\chi^2 = 873.54 > 9.488$), and governance challenges and corruption significantly reduce the effectiveness of the Act ($\chi^2 = 417.37 > 9.488$). Collectively, these results demonstrate that the effectiveness of the PIA is strongly shaped by structural and institutional factors rather than purely technical or administrative considerations.

In practical terms, the findings suggest that political interference, elite dominance, and leadership transitions play a major role in determining how PIA policies are implemented at the community level. Similarly, disputes over resource ownership, unequal distribution of benefits, and contestations among host communities continue to undermine development objectives and fuel tensions that affect project delivery. Furthermore, persistent governance weaknesses such as corruption, lack of transparency, weak monitoring systems, and institutional inefficiencies significantly limit the ability of the Act to achieve its intended developmental outcomes. These findings are consistent with established scholarly literature. Studies by Watts (2004) and Obi (2010) emphasize that oil governance in the Niger Delta is deeply shaped by political contestations and elite bargaining processes. Ikelegbe (2013) and Ibaba (2011) highlight that resource distribution conflicts remain central to instability and underdevelopment in oil-producing communities due to unequal access to benefits and perceived marginalization. In addition, Ejiogu, Ejiogu, and Ambituuni (2018) and Ross (2012) argue that corruption and weak institutional frameworks continue to undermine governance effectiveness in resource-rich countries, while Acemoglu and Robinson (2012) stress that extractive institutions significantly weaken policy outcomes regardless of reform intentions.

Conclusion

This study examined the influence of political dynamics, resource distribution conflicts, and governance challenges on the effectiveness of the Petroleum Industry Act (PIA) in Akwa Ibom State. The findings from the chi-square analysis revealed that all three null hypotheses were rejected, indicating significant relationships between the variables studied and the implementation outcomes of the PIA. Specifically, political dynamics were found to strongly shape how the Act is implemented, resource distribution conflicts were shown to significantly hinder the achievement of its objectives in host communities, and governance challenges alongside corruption were confirmed

to reduce its overall effectiveness. The study therefore concludes that the implementation of the Petroleum Industry Act in Akwa Ibom State is not merely a technical or administrative process, but one that is deeply influenced by structural, political, and institutional factors. Issues such as political interference, elite manipulation, inter and intra-community conflicts, weak accountability systems, and corruption collectively limit the capacity of the Act to deliver its intended developmental benefits to host communities. While the PIA provides a strong legal and institutional framework for improving petroleum governance in Nigeria, its success at the grassroots level remains constrained by these underlying challenges.

Recommendations

i. Based on Hypothesis One (Political Dynamics and PIA Implementation)

Since political dynamics were found to significantly influence the implementation of the Petroleum Industry Act (PIA), it is recommended that government strengthens the independence of regulatory and implementing agencies. Appointment and execution of PIA-related responsibilities should be insulated from political interference and patronage. This will ensure that project implementation in host communities is guided by policy objectives rather than political interests, thereby improving fairness, consistency, and effectiveness in delivery.

ii. Based on Hypothesis Two (Resource Distribution Conflicts and PIA Objectives)

Given that resource distribution conflicts significantly affect the achievement of PIA objectives, it is recommended that a structured and inclusive benefit-sharing framework be strengthened across oil-producing communities. Government and stakeholders should establish transparent community engagement platforms that allow fair representation of all interest groups. This will reduce inter-community disputes, minimize perceptions of marginalization, and promote equitable distribution of development projects and resources under the PIA.

iii. Based on Hypothesis Three (Governance Challenges, Corruption and PIA Effectiveness)

Since governance challenges and corruption significantly reduce the effectiveness of the PIA, it is recommended that strict accountability and anti-corruption mechanisms be enforced within all PIA implementation structures. Regular independent audits, digital tracking of funds, and community-based monitoring systems should be adopted to ensure transparency. In addition, sanctions should be applied to any officials or stakeholders found guilty of mismanagement or diversion of development funds meant for host communities.

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