COMMUNITY MANUAL ON IOC DIVESTMENT IN THE NIGER DELTA
WHAT IS DIVESTMENT?

Divestment is the global campaign spearheaded by civil society groups for pulling out of public finance, loans, and subsidies from extractive industries, particularly oil and gas. Campaigners advocate divestment owing to the contribution of oil and gas to environmental impacts and climate change and its impacts, the climate justice community believes that by reducing the amount of extraction by about 80%, such monies running into billions of dollars will be redirected to alternatives in renewable sources of energy such as solar, wind and community energy developments.

ABUSE OF DIVESTMENT IN THE NIGER DELTA

The term divestment as used in Nigeria is distorted to mean sale of oil facilities from areas of environmental hotspots and a shift from onshore to the largely unregulated offshore extractive activities. This abuse has enabled multinational oil companies to sell off their toxic assets to Domestic Oil Companies (DOCs) that are usually unwilling to accept liability for the environmental and other impacts that the IOCs left behind in addition to their lack of financial and technical capacity to tackle any serious facility cave in.

WHY ARE THE IOCS IN NIGERIA GOING OFFSHORE?

Since 2010, Shell and the other IOCs operating Joint Venture partnership with Nigerian National Petroleum Corporation (NNPC) started divesting from their onshore fields. It is general knowledge that divestment is part of the IOCs strategy to refocus on more profitable areas of investment within the industry especially the deep offshore which is highly unregulated. The IOCs believe going offshore will enable them to avoid social resistance including litigation and various other
forms of dissent by oil-bearing communities of the Niger Delta. It will also enable them to dodge the implementation of Nigeria’s Local Content Law, particularly the involvement of local entrepreneurs in the oil and gas business. The January 2021 ruling by a Dutch court that Shell’s Nigerian subsidiary must pay damages to three Niger Delta communities for oil spills that caused widespread pollution of the land has also spurred fear of the IOCs incurring heavy costs in remediation of polluted sites and huge financial compensation to communities. But there are more reasons.

- Divesting IOCs want to avoid liability for pollution of local community environment.
- Divesting IOCs seek to avoid social liabilities to the Niger Delta.
- Communities are excluded from the divestment processes.
- Divesting companies leave the buyers with liabilities.

**WHAT ARE THE IMPLICATIONS FOR COMMUNITIES?**

Local communities and community people suffer under severe oil and gas pollution. The divestment process is calculated to make the IOCs escape the responsibilities they owe the local communities in form of remediation and compensation for the grave injustices meted out on them. Oil pollution destroys the environment and robs the community people of the ecosystem that sustains their lives and livelihood.

**ERA/FoEN Recommendations**

Divesting entities should first clean up and remediate all legacy polluted sites, pay compensation to impacted victims before divesting. If they cannot improve the situation of their host communities, they should at least restore same to the way they met them not worse.
Government should work out an amount that both divesting and acquiring entities should deposit as “Environmental Remediation Bond” to tackle both existing and unforeseen environmental hazards that may arise. Divesting IOCs fulfill all their outstanding Memorandum of Understanding (MOU) and Global Memorandum of Understanding (GMOU) obligations to community people and their environment before handing over assets to DRCs.

Government makes the process of divesting these assets open and transparent. Address the problem of oil pollution with more commitment across communities. Avoid the temptation of divide and rule tactics by settling chiefs or a few local elites with financial incentives to secure support for divestment of assets. Respond to popular impression that the divestment option is simply a strategy by the IOCs to escape from their environmental liabilities.

Government addresses the issue of local community exclusion in the ownership structure of assets through divestment. Encourage renewable energy dis-centralization and promote indigenous energy companies to provide renewable energy in Nigeria. Deal with the problem of lack of transparency and political nature of allocation of oil blocks which has been a key grievance issue in the call for resource control by many groups in the Niger Delta.

About Environmental Rights Action/Friends of the Earth Nigeria

The Environmental Rights Action (ERA) is a Nigerian advocacy non-governmental organization founded on January 11, 1993, but legally registered under the entity Environmental Rights Development Foundation. ERA/FoEN is the Nigerian chapter of Friends of the Earth International (FoEI), the world environmental justice federation campaigning to protect the environment and to create sustainable societies. ERA/FoEN currently hosts the International Secretariat of Oilwatch International, the global south network of groups resisting oil and gas extractive activities.
ERA/FoEN is co-coordinator of Friends of the Earth Africa (FoEA) campaign on Food Sovereignty as well as Climate Justice and Energy (CJE). ERA/FoEN was named premier winner of the Sophie Prize (1998) - the international award in environment and development. In 2009 ERA/FoEN won the Bloomberg Award for global tobacco control and in 2011 it was named recipient of the Ford Foundation Jubilee Transparency Award.

ERA/FoEN advocates on the most urgent environmental, human rights and social issues. We challenge the current model of economic and corporate globalization which excludes and tramples on the rights of local communities. We promote solutions that will help create environmentally sustainable and just societies.