

Divesting Nigeria's Niger Delta Oil Blocks: Challenges, Solutions, and Strategic Implications

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ABSTRACT

For decades, the people of the Niger Delta have lived in extreme poverty as a result of the loss of their livelihoods caused by pollution from petroleum exploration activities, while International Oil Companies (IOCs) have built super-rich empires on the revenues of crude oil extracted from the region, leaving behind a devastated environment, social crises, and death. IOCs are now divesting for a number of reasons, including instability, oil theft, and ongoing resentment from host communities, all of which contribute to the high costs and risks involved with sustained operations. Given the region's current high level of environmental awareness, it is more likely that people will hold IOCs responsible for oil spill cleanup, remediation, and compensation. This paper reveals the issues associated with the IOCs' ongoing divestment of significant oil blocks in the Niger Delta, as well as available solutions that can bring about peace and stability in the region. It is recommended that the only way out of the current environmental calamity in the Niger Delta is by environmental restoration and that before divesting the assets they own, IOCs should demonstrate goodwill by dealing with their environmental legacies in the region. The government, for its part, should address Niger Delta stakeholders' concerns regarding a provision or clause in the PIA that bans host communities from collecting their 3% benefit from oil corporations in the case of crude oil theft in their jurisdiction, since this will assist to rebuild public trust. In addition, before approving the current divestment process, the government should force IOCs to address damages to the environment in the Niger Delta.

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Introduction

For decades, the inhabitants of the Niger Delta have suffered from extreme poverty as a result of the loss of their livelihoods caused by pollution from petroleum exploration activities [1]. The International Oil Companies (IOCs) have built super-rich empires on the revenues of crude oil extracted from the region, leaving behind a devastated environment, social crises, and death [2]. The oil producing communities in Nigeria's Niger Delta region awoke one morning to discover that the IOCs were leaving their lands to the seas, especially at a time when these communities are demanding compensation for their destroyed farm lands and rivers, as well as to be part of the benefits accruing from petroleum exploitation on their lands [3]. International Oil Companies (IOCs) are increasingly moving offshore or out of Nigeria, while Domestic Oil Companies (DOCs) are gaining control of the country's onshore oil and gas industry. Clearly, the oil business has been extremely profitable for the IOCs and the Federal Government of Nigeria (FGN), and their decision to withdraw from this enormous benefit could be due to community agitation, litigation, a recent decline in oil production, and other silent reasons [3].



Figure 1: Unaltered Environment in a Community in Rivers State, Nigeria as at December 2018 (that is, 7 years ago)

Figure 2: The natural forest shown on figure 1 is already being destroyed as result of repeated crude oil spills from an IOC's pipeline

This divestment trend is not new; it has been going on quietly over the past decade and has recently increased. Three significant divestment waves occurred between 1990 and 2010, paving the way for DOCs to play a larger role as IOC activity onshore declined. The first wave happened in the 1990s, when IOCs and some opportunistic businesspeople with political links were granted offshore permits at a price that looks to be recompense or settlement for their support during national elections [4]. Nigeria has 113 Oil Mining Licenses (OMLs), and it has been claimed that some of these licenses were handed over to certain individuals in trust for the cabals (strong criminal political dictators). Most of these recipients kept these assets until the 2000s, when their value rose. The second wave included the sale of marginal fields twice, in 2001 and 2021. During this wave, only DOCs were permitted to bid, allowing them to take over regions considered unproductive by the IOCs. The third wave is the IOCs' continued divestment from major onshore blocks.

The highest number of divestments happened in Delta State, where all 10 divested blocks were sold before the end of 2014, illustrating the IOCs' eagerness to exit the state swiftly, presumably due to heightened militant activity [4].

Shell Petroleum Development Company (SPDC), the largest shareholder in Nigeria's oil and gas sector, said in 2022 that it had received four bids for its entire onshore oil and gas portfolio, which was allegedly valued at US\$3 billion [4]. It was reported that 26 important divestments were undertaken between 2010 and 2021, with all but one being transactions from IOCs to DOCs. The DOCs operate 45% of Oil Mining Licenses (OMLs), while IOCs operate 47% [4]. However, if Seplat completes the buyout of Mobil's blocks, IOCs would lose their dominating position as operators for the first time in Nigerian history. This paper describes in detail the underlying reasons for these divestments, as well as the possible issues faced by these divestments, while also suggesting feasible alternatives to prevent any future crises in Nigeria's petroleum exploration business.

Divestment: Definition, Forms and Reasons

Divestment Defined

Divestment refers to the process of selling a company's affiliate assets, ventures, or subsidiaries with the objective to optimize the company's overall worth. Divestment is an entirely different kind of investment, and it is typically carried out when an affiliated asset or business fails to meet objectives. Companies might have to dispose of everything it owns as a result of legal or governmental regulations. Companies can also use the divestment plan to meet other business-related, monetary, social, or political objectives [5].

Divestment Simplified

Divestment is the process of selling a portion of a company's assets in order to increase its value and efficiency. A number of companies may employ this strategy to sell off extraneous assets, allowing management teams to refocus on their primary mission. Divestment can be prompted by the decision of a company's management who must raise concerns of the continued success in a particular location or business; or by external causes such as having more losses than profits and political or societal pressure [5].

A subsidiary, business division, real estate holding, equipment, other property, or financial assets are examples of items that may be sold. Usually, a corporation uses the money from these transactions to support working capital, pay off debt, undertake capital expenditures, or provide shareholders with a special dividend [5]. Although the majority of divestment transactions are planned, company-initiated activities, regulatory action may sometimes force them to go through this process. Whatever the reason for the divestment plan, asset sales

will generate money that may be used elsewhere in the organisation. Organisations will benefit instantly from this increased revenue since it may be used to help a division that is not achieving expectations [5]. Typically, divestment occurs as part of an optimisation and restructuring exercise. Divestment may also result in a revenue loss when a company is compelled to sell off a valuable asset for social or political reasons, as there are reports that some IOCs are being forced to sell off some of their profitable assets to deep-pocketed politicians in Nigeria. When a company or certain parts of a company fail to perform in accordance with a company's aims, selling off the assets or investments is typically a way out; this is known as divestment. IOCs in Nigeria may divest owing to high operating expenses, disagreements with host communities, and increased insecurity. It was also stated that certain IOCs have already divested in response to the drop of crude oil prices, the Covid-19 epidemic, and the rise of renewable energy. The transfer of an asset is often from a weaker performing company to a more superior or competent company with the capacity to turn the selling company's liabilities into a more profitable venture. Unfortunately, the situation differs in Nigeria's onshore oil and gas portfolio divestment, where the IOCs are selling their assets to incompetent underperforming DOCs.

Forms of Divestments

Divestment can be in the form of a spin-off, equity carve-out, or direct sale of assets.

Spin-offs are non-monetary and tax-free operations in which a parent business distributes shares of a subsidiary to its investors, resulting in the subsidiary becoming an independent firm with stock market trading rights [5]. Spin-offs are commonly employed by businesses that have two distinct organisations with different growth and risk profiles [5].

Equity carve-out refers to a parent corporation selling a portion of its subsidiary's equity to the public through a stock market offering. Equity carve-outs sometimes entail tax-free transactions in which cash and shares are exchanged in equal amounts. Equity carve-outs are most commonly employed by firms to fund expansion ambitions for one of its subsidiaries, as the parent company typically owns the subsidiary in majority [5]. Furthermore, equity carve-outs allow corporations to establish trading channels for their subsidiaries' shares and subsequently sell the remaining ownership under specified circumstances [5].

Direct asset sales, which includes the whole subsidiaries, are another common type of divestment. In this case, a parent company sells assets such as real estate or equipment to another corporation. The sale of assets often involves cash and may have tax implications for a parent company if the assets are sold at a profit. This type of forced divestment might result in an accidental sale, in which assets are sold for less than their book value [5].

General Reasons for Divestment

The most prevalent motivation for divesting is to get rid of underperforming, non-core enterprises. Companies, particularly large corporations or conglomerates, may own multiple business units that operate in very different industries and can be difficult to manage or distract the company from its core competencies; they may decide to sell off the non-productive section of the company to start something entirely new or to channel the proceeds from the sale to the company's core business. Furthermore, companies sell their assets to raise capital, remove an underperforming division, respond to regulatory action, or realise value through a break-up. Companies in bankruptcy proceedings may be obliged by law to sell off pieces of their struggling company. Finally, companies may choose to divest for political and social reasons, such as selling assets that contribute to global warming.

Reasons Behind Divestment by the IOCs in the Niger Delta Region

i. Incessant Bunkering Activities and Security Challenges

IOCs are divesting for a variety of reasons, including instability, oil theft, and persistent hostility from host communities, which all add to the high costs and dangers associated with continued operations [6]. Since the beginning of oil and gas extraction, the Niger Delta has been a source of ongoing strife. The majority of the crises in Niger Delta communities are related to the region's oil industry, and IOCs are typically at the centre of confrontations [3]. The IOCs have struggled to manage the region's security problem, and the Nigerian government is doing little to regulate the situation, as they are setting oil production objectives for these IOCs despite environmental infractions [3]. Security breaches that have a direct impact on operating costs and hazards include pipeline assaults, crude oil theft, artisanal refining, abduction for ransom, and marine piracy and robbery [1]. Some IOCs have been criticised for their own crisis as well as the region's problem since they have been seen negotiating with well-known community enemies who always sell off opportunities meant for the community or seize it for themselves [7]. These IOCs also connect with and provide security contracts and other incentives to criminal elites who frequently disrupt the company's efforts to satisfy its Corporate Social Responsibility (CSR) to their host communities [7]. These elites share the money contributed by IOCs for piped water, health care services, schools, and community roads. The abandoned and oppressed members of the community frequently express their displeasure and grievances against the IOCs and criminal elites in unpleasant ways, such as the case of the Ogoni people, who were beaten to death by angry Ogoni youths on May 21, 1994, for allegedly opposing the Movement for the Survival of the Ogoni People (MOSOP). The people of Ogoni continue to hold SPDC accountable for the deaths of these four chiefs, as well as Saro Wiwa and nine others [3].



Figure 3: Illegal Bunkering Connection Installed at 12 O' Clock Position on Company Pipeline

Figure 4: A Booming Illegal Bunkering Site in Rivers State, Nigeria (Source: Thisday Newspaper, Friday, March 22, 2024)

ii. Litigations to Come and others Pending in Court

There is presently a high degree of environmental awareness among the oil-producing villages of the Niger Delta area, and as a result, they are now conversant with environmental regulations and are demanding their rights. The recent success of Ogoni communities' claims against IOCs in UK and Dutch courts may boost the potential of other Niger Delta communities to pursue justice for previous oil spills, seeking financial compensation for damage and loss of livelihoods [4]. The Court had granted four Nigerian farmers a significant win in their 13-year battle to hold Shell's Nigerian subsidiary liable for oil spills on their lands. The Hague Court of Appeal ruled in favour of farmers and environmentalists on the majority of their legal claims, ruling that the Nigerian subsidiary owed the farmers financial compensation for oil spill pollution in two villages [8]. Some stakeholders in the Niger Delta region believe that multinational oil companies (IOCs) operating in the region are divesting their onshore assets and liabilities in response to the 2021 ruling of the Dutch Court in the Hague, which they fear will open the door to more litigation against the oil companies [8].



Figure 5: Crude oil Spillage from a Failed Oil Company Valve that flowed Continuously for 28 days into a small Community river in Niger Delta Destroying the entire Ecosystem

Figure 6: An Impoverished Oil Producing Community in Niger Delta

iii. More Stringent Environment Laws

More broadly, market and policy forces are changing the way the world values fossil, to drive a global energy transition and lower carbon emissions. Consequently, hydrocarbon projects may soon become uneconomical and could end up as 'stranded assets' that may no longer be beneficial, so IOCs maybe offloading these assets while they still have value [4]. The IOCs have freely operated in the Niger Delta region of Nigeria for over 65 years and smartly avoided taking responsibility for their pollution by paying some form of compensation to the affected communities, which has fueled animosity and division in the region [7]. However, with the current high level of environmental awareness in the region, there is a greater chance that communities will hold the IOCs accountable for cleanup, remediation, and compensation for oil spills [9]. Earlier before now, the IOCs were able to maintain favorable financial arrangements and escape responsibility for environmental and social infractions due to weak governance of the country and poor regulations but these trend is changing; and this could also necessitate their exist from the lands because of the constant monitoring of their activities [10].

iv. Hostility from the Host Community

Several urban, rural, and riverine settlements surround the IOC's facilities and work area, with the majority of these settlements having a large population [3,11]. Some of these communities serve as access points to the IOCs' facilities, with the company's pipeline running through their centers. This kind of coexistence has made the oil-bearing communities in the Niger Delta to transfer the responsibilities of the government to these IOCs by holding them responsible for their basic survival needs (good drinking water, health care centers, accessible roads and food items). The local communities in the region now see these IOCs as government faces and presence. The Niger Delta Development Commission (NDDC) was created over 24 years ago with the sole purpose of developing the oil-rich Niger Delta region, as the Nigerian government saw the region as poor and underdeveloped by Nigerian standards for quality of life. This commission was created in response to the region's cry, and to address all of the region's challenges and transform it into a paradise on earth [12].

Unfortunately for the region, an audit conducted by the Auditor General uncovered several fraudulent practices within the commission, revealing that between 2008 and 2018, over N90.9 billion allocated to complete 176 projects went unaccounted for in NDDC's treasury [13]. According to studies, more than 13,000 NDDC projects had been abandoned or left uncompleted as of 2021; and these contracts were expected to cost N15 trillion, with 953 of the abandoned projects situated in Rivers State [13-16]. The corruption in NDDC was so obvious that in one budget year, many developmental projects worth billions of naira were already paid for in full, which had not even been initiated in the region; as these contracts were awarded as direct settlements to some politicians as election-related grants. The general antagonism toward the IOCs by the Niger Delta communities has been intensified even amidst enormous funds managed by NDDC for the region's development [13]. The few projects carried out by NDDC in the region were either of the poorest quality or an irrelevant unnecessary project. NDDC has been described by several scholars as exclusively serving the aim of benefiting the cabals in government.

v. Dwindling Business Profits

Arguably, the primary motivator of divestment is the IOCs' declining business. Domestically, operating expenses are rising, and globally, fossil fuel projects are becoming less appealing to investors and insurers. Operationally, the Niger Delta has always had large fixed

costs. However, as time passed, other expenditures arose, including losses from crude oil theft, pipeline maintenance, and private security. The IOCs is currently finding it difficult to overcome these challenges, especially at a time their business profitability is declining. The ageing infrastructure required to extract and transport crude oil to export terminals is said to require an upgrade, which has been delayed for a long period as a result of other unplanned expensive incurred by the IOCs. Meanwhile, governmental and market pressures are pushing the global economy to "decarbonise" and make transition to cleaner energy sources in order to cut emissions and combat global warming. IOC investments in the Niger Delta area are at risk of devaluing or turning into "abandoned properties," which means they can no longer yield revenue; thus, these IOCs are moving to other nations and locations where they can profit.

Challenges Beyond Divestment in the Niger Delta

i. Damaged Environment

Oil and Natural Gas are precious commodities in high demand, yet the earnings obtained from their exports has not benefited the people of Niger Delta; as it is often regarded as a curse [17,18]. The IOCs have also played a role in creating and perpetuating the very issues they claim are forcing them out of the Niger Delta, which reinforces the reasoning they should address their legacies before leaving. After extracting immense wealth, the IOCs are now leaving behind toxic legacies of environmental pollution, social strife, and governance problems and death, without making efforts to address them adequately [4]. Oil drilling activities in Ogoniland were halted in the early 1990s owing to disturbances caused by local public discontent [19]. Since then, the oilfields and infrastructure have mainly remained idle [19]. However, large oil pipelines continue to pass through Ogoniland, and oil spills continue to occur as a result of factors such as a lack of maintenance and vandalism of oil infrastructure and installations [19]. Today, environmental degradation in Ogoniland caused by oil spills remains untreated or only partially remedied [19]. The operating IOC (SPDC) in Ogoniland is finally selling off their assets, transferring these assets and liabilities to a less competence DOC. It is important to note that even amidst SPDC's numerous shortcomings, SPDC is a pace setter among the numerous oil companies in the Niger Delta; hence SPDC was expected to divest to a more competent IOC that will improve the situation in Ogoniland.



Figure 7: A Massive Crude Oil Spillage and fire incident in Goi-Bodo in Ogoni as a Result of a Leaking Crude oil Pipeline [20].



Figure 8: Crude Oil Spillage from an Unknown Source Ravaged the entire Oyorokoto fishing settlement in Andoni, Rivers State Contaminating the River, Fishing Nets and Seafood

ii. Incompetent DOCs

There are questions about DOCs' capabilities, as they take over with fewer experience and resources. There are already evidence that environmental, social, and governance (ESG) performance may deteriorate, which means that the challenges that communities experience will persist and intensify, and they will have less alternatives for seeking responsibility and justice in international courts [8]. Recent environmental disasters at DOC-owned oil blocks have heightened these worries. One example is the management of a large oil spill by the end of 2021 from a well that Aiteo purchased from SPDC in 2015 [8]. The spill lasted 38 days because the DOC allegedly lacked the response strategy and competence to seal the leak. Aiteo also has an ongoing legal dispute against Shell over the integrity of the purchased pipes, highlighting a sector-wide risk that DOCs would inherit infrastructure that requires costly maintenance, modifications, and decommissioning [8]. Another example is an explosion in 2022 on a Floating Production, Storage, and Offloading (FPSO) vessel owned by Shebah, another DOC. The FPSO was about 50 years old, and "most, if not all, of the big trading companies stopped using it several years ago" according to reports. It burst with over 60,000 barrels of oil on board, and ten crew members were believed to be killed or missing. This instance indicates that DOCs might feel comfortable running old infrastructure to the point of environmental and human disaster [8].

Eroton purchased a 45 percent stake in OML18 for \$737 million in 2015 when the original operator, Shell Petroleum Development Company of Nigeria Limited, divested. OML 18 comprises 1,035 square kilometres and contains the Alakiri, Cawthorne Channel, Krakama, and Buguma Creek fields, as well as supporting infrastructure. In 2014, the fields produced an average of 14,000 barrels of oil equivalent per day, and related facilities include flow stations, associated gas infrastructure, and oil and gas pipelines within the OML [21]. The acquisition also aligned with the Nigerian government's desire to encourage and expand Nigerian companies' active participation in the country's upstream oil and gas industry [21]. However, when this DOC (Eroton) resumed operations, it faced a succession of major uncontrolled spills, amidst the company's internal crisis of fraud and mishandling of funds. Notable among the spills was the company's report on January 20th, 2023, that their well-head at Akaso well15L in Cawthorne Channel within OML 18 was on fire, with the assertion that the event was caused by suspected oil thieves. The fire explosion that engulfed the Akaso 15L wellhead in Rivers State's Degema Local Government Area burned and discharged crude oil and gas into the creeks and tributaries of the Degema and Akuku Toru waterways for more than ten days before being extinguished on February 1, 2023. The Nigerian National Petroleum Company (NNPC) Limited later purchased the oil mining lease (OML) 18 from its previous operator, Eroton Exploration and Production Limited. NNPC Eighteen Operating Limited, a subsidiary of NNPC Limited, is the new operator of OML 18 [21]. The NNPC took over operation of OML 18 from Eroton because to non-performance, as output decreased from 30,000 barrels per day to zero [21]. The question is why the Nigerian government will push divestment of the oil and gas sector from IOCs to less competent DOCs, notwithstanding their track record of commercial failures.

iii. The Petroleum Industry Act

Despite the introduction of the Petroleum Industry Act (PIA), many stakeholders continue to believe that the current version of the Act, which has been approved by the Presidency, is more of an oil industry package and ignores community, economic,

and environmental concerns [22]. The new Petroleum Industry Law came to light as a result of the efforts of civil society organizations that have been at the forefront of demanding that the Act's provisions adequately provide for the concerns of all stakeholders, including communities from which crude oil is extracted. As a framework for the distribution of development benefits to petroleum host communities, the Petroleum Industry Act (PIA) contains comprehensive provisions for the creation and administration of a petroleum host community development trust [22]. But according to the Act, the oil companies that operate in the region are solely responsible for the trust's creation, and they have the last say over who may join the trust and other governance arrangements [22]. It is evident that the regulations for the creation and management of the Host Communities Trust undermine community involvement while amplifying the role of oil companies. With just the duty to "consult" host communities, the PIA grants the oil companies the authority to designate every member of the Board of Trustees [22]. This clause in the Act, in addition to the startling 3% of Oil Company operating costs designated for the development of host communities, makes it abundantly evident that the PIA plans to carry on treating host communities as oil colonies and abandon zones that are controlled by profit-driven companies. It also shows that the government continues to maintain the regrettable and erroneous view that the communities from which crude oil is produced lack the ability to govern themselves [22].

Additionally, the PIA regrettably retains the controversial issue of assigning host community's responsibility for protecting pipelines and other oil facilities; even after the Civil Society Organizations and host communities disagrees with this provision. The Act clearly states that, "where in any year, an act of vandalism, sabotage or other civil unrest occurs that causes damage to petroleum and designated facilities or disrupts production activities within the host community, the community shall forfeit its entitlement to the extent of the costs of repairs of the damage that resulted from the activity with respect to the provisions of this Act within that financial year. Provided the interruption is not caused by technical or natural cause" [22]. In actuality, it is the armed cartels suspected of closely collaborating with oil company officials and the military who are stationed in those communities to protect oil installations, are the primary perpetrators of oil pipeline vandalism, not members of the impoverished host communities. Because of this, it is just not possible to expect unarmed populations to guard oil sites from armed gangs. Once more, this clause is a direct result of the false belief that the oil companies have promoted that communities are to blame for pipeline sabotage and oil theft. Although the PIA forbids gas flaring, it gives IOCs certain exceptions that ensure the existing gas flare regime will continue almost unopposed [22]. These provisions might easily be construed as allowing unchecked, irreparable damage to the ecology and health of communities. The PIA's unclear flare-out date creates the impression that the practice will continue indefinitely, which is detrimental to host communities who are currently dealing with its negative impacts. The questions that remain in the minds of many is whether the PIA has come to favor the less performing DOCs and further increase the pains of the local communities in the Niger Delta.

iv. Poor Community Relations

According to Marx, the source of the crises in human society is the battle for material existence between the controllers of state wealth and power and the rest of society [23]. This kind of contentious situation is what is playing out in the Niger Delta region of Nigeria where the government may be seeking to regulate or benefit more

from the oil production; the oil companies are pursuing profits and expanding their assets; and the oil-bearing communities are fighting for their rights, livelihoods, and environmental protection. These oil-bearing communities have exhausted their patience in waiting for the oil companies and the government to change their environment into beautiful prosperous cities as they were promised. The financial compensation offered to oil-producing communities was not only terribly inadequate, but it was also causing a new and hazardous occurrence in these communities and creating conflicts/crises, which these communities were unfamiliar with [23]. The distribution of compensation money was also turning many communities into battlegrounds because many people saw their shares as unequal [23]. Community leaders were accused of embezzlement, while the villagers whose land contained oil wells requested the lion's share of the compensation [23]. Leadership squabbles are now common, producing a breach in the treasured traditions of oil-bearing communities and severely impacting the performance of oil and gas firms in the Niger Delta [23].

Industry-community crises can take many different forms, according to Anikpo, including "road blockage/protest demonstrations, disruption/stoppage of operation, closure of flow station and rig/molestation of oil company staff, vandalism/destruction of facilities, piracy/temporary seizure of vehicles or boats, and hostage taking [24]." These local communities in the Niger Delta see the Oil companies as the object of their frustration and may sometime express their grievances through violent means. The local communities in the Niger Delta have expressed dissatisfaction with the current divestment in the oil and gas sector, as they feel the IOCs are running away from the mess they created in the region.

Possible Solutions Admit Ongoing Divestment by the IOCs

i. Ecosystem Restoration

The process of restoring degraded, damaged, or destroyed ecosystems can involve a variety of activities, such as: i. Restoring native species, which is simply the reintroduction of plants and animals that were once part of the ecosystem; the ongoing Hydrocarbon Pollution Remediation Project (HYPREP) mangrove planting and restoration activity in Bomu, Gokana Local Government Area of Rivers State, is a typical example of this type of program; ii. Restoring ecosystem structure, which is the restoration of the physical structure of the ecosystem, such as wetland, forests, or coral reefs; iii. Restoring ecosystem function, which is the restoration of the ecosystem's natural processes and interactions; and iv. Increasing biodiversity, which is the increase in the variety of plant and animal species present in the ecosystem. In addition, the following forms of ecosystem restoration can be adopted: i. Reforestation which is the planting trees in damaged or destroyed forests. ii. Wetland restoration which involves restoring deteriorated, drained, or filled wetlands. iii. Coral reef restoration which involves repairing or rebuilding damaged reefs; and iv. Grassland restoration which is the restoration of degraded or transformed grassland to its original use.

It has become widely known that the Niger Delta environment has been greatly degraded and destroyed as a result of the region's decades of petroleum exploration. The Nigerian government should prioritise the restoration of the Niger Delta environment before engaging in any sort of divestment in the region. Before selling their Niger Delta holdings, IOCs ought to address their legacies and remediate the devastated ecosystem. The people of the Niger Delta have also expressed their unhappiness with

the PIA, asserting that 30% of the NNPC's proceeds would be utilised for more hydrocarbon exploration, particularly in remote northern Nigeria where earlier investments were unsuccessful. It is sad that, while the world is shifting away from fossil fuels as a strategic instrument in the battle against climate change, Nigeria intends to increase its investments in fossil fuels, notwithstanding the environmental damage caused by earlier oil investments [22]. However, more money should be invested in green energy and agriculture.

ii. Community Relations and the PIA

There is widespread scepticism and insincerity between IOCs and their host communities, since there have been reports of broken pledges, treachery, and even fatalities in earlier interactions. A typical Niger Delta community regards IOCs and DOCs as intruders, robbers, and enemies of their lands, as their continued presence has cost them their livelihoods, health, and lives. Trust must be re-established by a transparent bottom-top engagement strategy, open communication, and responsible behavior. When environmental laws and legislation, such as the PIA, appear to be infused with terms that were not previously discussed and agreed upon by the people, or when restrictions or penalties are imposed without regard for public opinion, the law's workability is compromised. For example, the PIA contains a direction to establish host community trust funds, requiring oil corporations to contribute 3% of their operating expenditures into trusts meant to give social and economic benefits to communities in oil-producing areas. The result falls well short of the 10% target set by the oil-bearing communities and civil society organisations. Niger Delta environmental activists have also queried clause 257 of the PIA stipulates that "where in any year, an act of vandalism, sabotage or other civil unrest occurs that causes damage to petroleum and designated facilities or disrupts production activities within the host community, the community shall forfeit its entitlement to the extent of the cost of repairs of the damage that resulted from the act". This assertion by these activists was based on the fact that the local community does not carry arms or have any form of military training to secure oil facilities within their environment, and thus should not be penalised or denied their 3% benefits as stated in clause 257 of the PIA. Previous research has shown that oil theft and damage are carried out by a highly militarised cartel made up of militants and armed groups, corrupt government officials, security officers, oil sector workers, and criminal syndicates.

The PIA should be reviewed on a regular basis to reflect the views of the Niger Delta, and all forms of Top-Bottom involvement should be halted in order to restore peace in the region. For example, a conference held among the oil-producing communities of the Niger Delta is more likely to bring peace and stability to the region than one held in the nation's capital between a few Niger Delta representatives and the government. The resolutions that emerge from such discussions will always be refused by the members of the local communities back home; as they will see such solutions as an imposition on them. Through supportive actions and initiatives, the operating oil companies in the region should build a good reputation and goodwill within the community; listen to and effectively address community concerns, issues, and needs; educate the community about the organization's mission, values, and operations; and learn about the needs, values, and concerns of the community. Through a variety of partnerships and initiatives, the oil companies should also contribute to the social, economic, and environmental well-being of the community.

iii. Divestment to only Proven Competent Petroleum Exploration Companies

It is undeniable that most DOCs are severely inept in petroleum exploration in the Niger Delta region, since there have been reports of increased contamination in the regions where they operate, as well as even greater harm in the areas where they took over from IOCs. It is vital to emphasise that IOCs have been careless in their activities in the region, resulting in widespread environmental harm. However, IOCs, particularly Shell Petroleum Development Company (SPDC), continue to set the pace for all other DOCs, since their principles, policies, processes, and standards are commonly adopted by DOCs to serve as operational blueprints. The Ogoni people have refused SPDC's return to their lands for oil exploration after past exploratory work caused major environmental degradation and destruction, according to the United Nations Environmental Report [25]. Following this event, numerous DOCs have been campaigning to win the bid to take over the operatorship of oil exploration in Ogoniland from SPDC.

Given the history of terrible ineptitude, financial misappropriation, corruption, and environmental crimes by some DOCs in the Niger Delta, the Ogoni people were correct to refuse oil exploration by the DOCs in their territory in order to prevent future environmental destruction. The Ogoni people should welcome only another respectable IOC or renegotiate terms and conditions of operation with SPDC, which, despite environmental crimes in Ogoniland, is a leader among Nigeria's oil exploration corporations. Following the disastrous precedent set by several DOCs in Nigeria's petroleum exploration, the government should prioritise the divestment of oil blocks to IOCs and thoroughly scrutinise the DOCs before entrusting them with such sensitive tasks in order to avoid a new environmental disaster in the Niger Delta.

Conclusion

The Niger Delta environment has been destroyed and ruined by decades of petroleum exploration. The region's agitation about the magnitude of environmental degradation and desire for resource management has just become public, with oil-bearing communities already filing lawsuits against the DOCs and IOCs in local and international courts. In the midst of this debacle, the IOCs abruptly decided to sell off their oil assets in the Niger Delta to incompetent DOCs in order to avoid dealing with their pending problems of environmental pollution and devastation in their operating areas, citing insecurity, ongoing theft activities, and third-party interferences as their primary reasons for divesting their land assets. The only way out of the current environmental disaster is through environmental restoration in Nigeria's Niger Delta area. Before divesting their assets, IOCs should demonstrate goodwill by dealing with their environmental legacies in the region. The government, for its part, should address the concerns of Niger Delta stakeholders about the provision or clause in the PIA that prevents host communities from receiving their 3% benefit from oil companies in the event of crude oil theft in their domain, as this will help to restore public trust. In addition, before sanctioning the present divestment process, the government should require IOCs to rectify damage to the environment in the Niger Delta region [26-28].

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