



global witness

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Transparency around oil revenues crucial to keeping the peace in Sudan, says Global Witness on anniversary of end of war

A fair and transparent arrangement for sharing and monitoring the revenues from Sudan's oil fields is critical to preventing a return to war between the north and south, said campaign group Global Witness today, ahead of the 5th anniversary on Saturday of the peace agreement.

The civil war was Africa's longest running. Nearly two million people lost their lives and almost four in five southerners had to flee their homes at some point. While the Comprehensive Peace Agreement (CPA) put a stop to the worst fighting, the region has not been entirely stable, and 2009 saw an escalation of unrest. Two thousand five hundred people died in South Sudan last year as a result of violent conflict and Jonglei state in the south is currently more dangerous than Darfur ^[1].

The oil revenue sharing agreement that was the basis of the peace agreement comes to an end next year. There will also be a referendum on southern independence in which the south is likely to vote to secede, taking more than 80% of the country's oil with it.

"A future deal on oil revenue sharing is key to avoiding the return of full-scale war," said Rosie Sharpe, investigator at Global Witness. "Transparency – of which a first step is conducting an audit – will be needed for both sides to trust the agreement."

Under the current revenue sharing deal, the south gets half of the revenues from southern oil wells. This amounts to 98% of the southern government's budget. However, it is the north that controls information on the amount of oil that is produced. In a briefing paper published late last year, Global Witness revealed that the volume of oil reported by the Ministry of Finance in Khartoum was smaller than the volume of oil reported by the main oil company operating in the country, the Chinese state-owned CNPC ^[2].

"Any peace agreement that specifies how revenues from natural resources should be shared must enable both sides to verify that the sharing is carried out fairly. Currently this is not the case in Sudan and this lack of transparency is fuelling mistrust between the two sides," said Sharpe.

Draft Terms of Reference for an audit that could build grounds for trust over future revenue sharing are today sitting on the desks the Ministers of Energy in Khartoum and Juba. Both the north and south agreed to an audit, in part as a result of Global Witness' work ^[3]. Global Witness believes that Ministers should ensure that the audit is carried out by a credible, independent organisation, and be made public. It should call for systems by which the oil volumes, oil prices and oil companies' costs can be verified.

"Oil fuelled the conflict, oil revenue sharing was at the heart of the peace agreement, and oil will have to be part of the solution that prevents a return to war," said Sharpe.

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Notes to editors:

[1] Joint NGO briefing paper, 'Rescuing the peace in Southern Sudan', Jan 2010

[2] Global Witness, 'Fuelling Mistrust: the need for transparency in Sudan's oil industry', Sept 2009, available from www.globalwitness.org/fuellingmistrust

[3] The August 2009 agreement that came out of the trilateral talks hosted by the US Special Envoy to Sudan states that the parties "agree that the NPC [National Petroleum Commission] will undertake an audit of the oil sector, with United States and other international technical support". Both the National Congress Party and Sudan People's Liberation Movement have signed up to this agreement. In response to Global Witness' report, the cabinet of the Government of Southern Sudan called for there to be an audit of the oil sector. Both north and south agreed again to carry out such an audit in a November 2009 meeting of the wealth sharing sub-committee of the Assessment and Evaluation Commission.

Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses