



18 August 2010

Global Witness welcomes new commitment to transparency in Sudan

Global Witness today participated in a landmark transparency seminar in Khartoum organised by His Excellency the Minister for Petroleum for the Government of National Unity, Lual Deng, and His Excellency the Undersecretary for the Ministry of Energy and Mining of the Government of Southern Sudan, William Maciek.

The event was themed around transparency in the oil sector in response to a report published by Global Witness in September 2009. The report, *Fuelling Mistrust*, identified significant discrepancies between oil revenue figures published by the government and those published by the main Chinese company operating in the country, CNPC. This matters because a deal to share the revenues from oil formed the basis of the 2005 Comprehensive Peace Agreement (CPA) that brought an end to the north-south conflict. Mistrust between the two sides has been fuelled by a lack of transparency.

In light of this, Global Witness was impressed by the openness with which all sides participated in today's event. The workshop, attended by representatives from the Sudanese Government of National Unity (GoNU), the Government of Southern Sudan (GOSS) and all 3 main foreign oil companies working in Sudan (CNPC, Petronas, ONGC), offered an unprecedented opportunity for cooperation and information sharing. Global Witness was very pleased to have been invited to participate.

It is very hard for ordinary citizens of Sudan or for civil society organisations to get accurate figures on the oil industry in the country. The figures that are publicly available do not always agree with each other. As Global Witness has previously emphasised, the discrepancies we uncovered in the oil revenue data do not necessarily mean that money is going missing. What they do mean is that there is a disclosure and verification problem and that until citizens see audited and verified data and processes they cannot be confident that the oil revenues are being openly and fairly shared.

Concerns were raised today that Global Witness had alleged that US\$6billion had gone "missing". This is not the case. \$6bn was the full amount Global Witness estimated had been transferred from north to south since the signing of the CPA in 2005. Our analysis showed discrepancies of between 9-26% in the figures - which translates to a potential shortfall of between \$540m and \$1.56bn. The conservative estimate used in our report was \$600m (i.e. 10%). We were careful to insist that this was only a potential shortfall – and never alleged that this money had in fact gone "missing".

Global Witness welcomes Minister Deng's clear public commitments to improve transparency:

- To proceed with a full independent audit of the petroleum sector on the basis of the TOR recently agreed between the NCP and SPLM. An independent audit was the main recommendation in Global Witness's report, *Fuelling Mistrust* and we are pleased that the Minister of Petroleum and Head of the Assessment and Evaluation Commission today confirmed the TOR have been approved in advance of the audit beginning. We call on the government to publish the findings once the audit is completed.
- To regularly publish daily production figures, the provenance and relevance of which are clearly explained.
- The Ministries of Petroleum and Finance will collaborate to publish the revenue figures, which has not happened since June 2009. The ministries will also liaise with other relevant parties, including the Presidencies of GONU and GOSS.
- Reiteration of the promise that more staff from the South will be moved into the Ministry of Petroleum to learn more about the industry and there will be regular monthly meetings with the Ministry of Energy and Mining in the South to coordinate on reporting and verification.

- Renewed commitment to engage with the Extractive Industry Transparency Initiative. CNPC publicly supported this initiative too.

There are still some unanswered questions about the discrepancies and some significant gaps in information remain such as the companies' costs of operation. Part of the explanation tendered by CNPC to Global Witness today for production discrepancies was that companies were consuming oil in processing and transport. This could account for as much as 9% of production, it was claimed. Another explanation given by the government was that the amount of water in the oil was inflating the volume figures. Global Witness looks forward to seeing the relevant data in order to be able to fully understand these explanations and upon receipt of this we will publish our analysis.

His Excellency Lual Deng today called upon Global Witness to carry on being a watchdog on this issue. Global Witness fully intends to remain engaged and hopes that this is the start of a process of proactive disclosure and discussion rather than the end.

/ Ends

For more information contact Gavin Hayman (Sudan) on +44 7843058756 or +249 913093206 or Amy Barry (UK) +44 7980664397