

## Sudan: Breaking the Abyei Deadlock

### I. OVERVIEW

The dispute over the Abyei region is the most volatile aspect of Sudan's 2005 Comprehensive Peace Agreement (CPA) and risks unravelling that increasingly shaky deal. The CPA granted the disputed territory, which has a significant percentage of Sudan's oil reserves, a special administrative status under the presidency and a 2011 referendum to decide whether to join what might then be an independent South. However, in violation of the CPA, the ruling National Congress Party (NCP) is refusing the "final and binding" ruling of the Abyei Boundary Commission (ABC) report, leaving an administrative and political vacuum. Negotiations between the NCP and the former rebel Sudan People's Liberation Army/Movement (SPLA/SPLM) are stalled, and both sides are building up their military forces around Abyei. The SPLM's 11 October decision to suspend its participation in the Government of National Unity in protest of the NCP's non-implementation of the CPA, marks the most dangerous political escalation since the peace deal was signed. The international community needs to re-engage across the board on CPA implementation but nowhere more urgently than Abyei, where the risks of return to war are rising.

On its face, resolution of the Abyei issue appears relatively straightforward. The sequencing of implementation was clearly set out in the CPA's Abyei Protocol, beginning with border demarcation. However, the situation continues to fester, mainly due to NCP intransigence. Bringing peace to the region will require addressing both the national political dimension between the NCP and the SPLM and the local dimension between the Ngok Dinka and the neighbouring Misseriya communities. The following five steps offer a way forward:

- The CPA's international guarantors, led by the U.S., which authored the Abyei Protocol, must send a strong, coordinated message to the NCP that it is legally bound by the ABC report and expected to implement it in good faith. Those who signed the CPA, and who all need to become more active again, include Kenya, Uganda, Egypt, Italy, the Netherlands, Norway,

the UK, the U.S., the regional Intergovernmental Authority on Development (IGAD) and its International Partners Forum, the Arab League, the United Nations (UN), the African Union (AU) and the European Union (EU).

- Crisis Group has argued in past reports for targeted, multilateral sanctions to influence the regime to implement its commitments under the CPA and in Darfur. Given the fragility of Abyei, pressure is urgently needed to obtain acceptance of the ABC report.
- Tension in and around Abyei must be de-escalated. The parties view the key measures – demarcation of boundaries and appointment of the local administration – as determining the likely outcome of the referendum and have dug in accordingly. The international community can help change this dynamic by facilitating independent dialogue between the Misseriya and Ngok Dinka in order to strengthen the guarantees for continued Misseriya grazing rights in Abyei beyond the referendum and by increasing development projects in Dinka and Misseriya areas. These efforts should be led by the UN Mission in Sudan (UNMIS), with the full backing of the CPA's international guarantors.
- Oil's role in the impasse must be acknowledged and dealt with in good faith and the wealth-sharing provisions of the Abyei Protocol carried out. While Abyei's oil is being depleted and revenue estimates beyond 2007 begin to drop significantly, existing fields contain the majority of oil in the North, and revenues from them are critical to the survival of the NCP. Crisis Group calculates that revenue from Abyei's oilfields was roughly \$599 million for 2005 and \$670 million for 2006. We estimate it at \$529 million for 2007. More generally, oil is tied directly to the CPA's viability. The parties need to open a new, transparent dialogue on oil issues, including a plan to establish a revenue-sharing agreement between North and South beyond 2011, for the contingency that Abyei votes to join an independent South. The National Petroleum Commission, the joint

NCP-SPLM oversight body created by the CPA, must be allowed to play its role and have direct access to all oil production-related data.

- The newly appointed head of UNMIS, Ashraf Qazi, should prioritise working with the parties to establish a demilitarised zone in Abyei in order to separate the militaries and reduce the risk of renewed conflict. Thousands of Misseriya troops have recently opted to join the SPLA, a move resented by the NCP, which led to a recent dangerous confrontation between army (SAF) and SPLA forces. While the focus should initially be on Abyei, a demilitarised zone could eventually be extended along the entire North-South border.

Abyei's fate is tied directly to that of the CPA. While Abyei itself is a bone of contention, it is also tied into broader CPA challenges such as transparency and revenue sharing in the oil sector and the demarcation of the North-South border. If peace takes hold in Abyei and implementation moves forward, it can be a model for other North-South border issues and unlock the implementation of additional contentious issues. If the dispute is not resolved soon, however, it will increasingly retard progress on broader CPA implementation and encourage the country's descent back into war.

## II. ABYEI IN CONTEXT

### A. THE HISTORY

Located between the Bahr el-Ghazal and Southern Kordofan provinces, Abyei is geographically, ethnically and politically caught between northern and southern Sudan. It is home to the Ngok Dinka tribe, cousins of the South's populous Dinka tribe, and bordered to the north and north east by the Misseriya,<sup>1</sup> Arab cattle herders (*baggara*) who pass through every year to graze their animals. Relations between the Misseriya and the Ngok Dinka have historically been amicable, indeed are cited as a model for North-South cooperation. They lived within separate administrative boundaries in colonial days, until 1905, when the British transferred the nine chiefdoms of the Ngok Dinka in Abyei from Bahr el-Ghazal to Kordofan province.

Following Sudanese independence in 1956, the Dinka and Misseriya have been pulled towards opposite sides of the country's civil wars. The first, from 1956 to 1972, polarised the communities along North-South lines. The turning point was 1965, when 72 unarmed Ngok Dinka in the Misseriya town of Babanusa were burned alive by a mob in a police station to which they had fled for protection.<sup>2</sup> The Dinka began to gravitate increasingly towards the southern rebel Anya-Nya and the South's cause, while the Misseriya received preferential treatment from the central government and identified firmly with the North.<sup>3</sup>

The 1972 Addis Ababa Agreement, which ended the first war, included a clause for a referendum to allow "any other areas that were culturally and geographically a part of the Southern Complex", including Abyei, to choose between remaining in the North or joining the new autonomous southern region.<sup>4</sup> The referendum was never held, and attacks against the Dinka continued throughout the 1970s, leading to the formation of a Ngok Dinka unit of the Anya-Nya II, in the small southern rebellion that began in Upper Nile in 1975.<sup>5</sup>

The second civil war began in June 1983 with the birth of the SPLA. Many Ngok Dinka joined, and the Anya-Nya II unit from Abyei played a leading role in the foundation of the new movement.<sup>6</sup> Displacement of the Ngok Dinka, which had begun during the first civil war and continued throughout the 1970s, escalated during the second war. Today the bulk of Abyei's Dinka population has been displaced. In part because of their early support, many from Abyei came to hold senior military and political positions in the SPLA and had close links to its late chairman, Dr John Garang. As the war dragged on, the call for independence grew stronger among southerners, including the Ngok Dinka. However, the discovery of oil complicated matters in Abyei as in other oil areas close to the North-South border. After the initial discovery in 1979, then President Nimeiri began the first of many efforts to

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<sup>2</sup> Francis Deng, *War of Visions: Conflict of Identities in the Sudan* (Brookings, 1995), p. 292.

<sup>3</sup> *Ibid.*

<sup>4</sup> See Article 3.iii, The Addis Ababa Agreement on the Problem of South Sudan, March 1972, reprinted in: Abel Alier, *Too Many Agreements Dishonoured: Southern Sudan* (Khartoum, 2003, 2nd reprint), p. 348.

<sup>5</sup> Douglas Johnson, "Conflict Areas: Abyei. A summary and elaboration of points raised in the presentation and discussion on Abyei", 18 January 2003, unpublished paper.

<sup>6</sup> *Ibid.*

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<sup>1</sup> The Misseriya are split between the Humr and the Zurug sections.

alter the boundaries and relocate oil-rich areas from southern to northern Sudan.<sup>7</sup>

The Misseriya joined the war on the government's side in the mid-1980s, providing frontline forces against the Dinka in Abyei and further south in the form of the *Murahleen*, horsebacked raiders who attacked southern villages to loot and take slaves as part of organised offensives against the SPLA and southern civilians.<sup>8</sup>

The July 2002 Machakos Protocol provided the framework from which the CPA grew: in exchange for northern Sudan remaining under Sharia (Islamic law), the South would get an autonomous government and a self-determination referendum on secession or unity after a six-year interim period. It defined southern Sudan within the borders that existed at independence on 1 January 1956, thus excluding Abyei from participating in the self-determination referendum, along with northern SPLM strongholds in the Nuba Mountains (Southern Kordofan) and Southern Blue Nile (now Blue Nile State).

## B. THE ABYEI NEGOTIATIONS AND THE BOUNDARY COMMISSION REPORT

After the signing of the Machakos Protocol, the SPLM fought an uphill political struggle to extend the same rights it had gained for the South, including self-determination, to the "Three Areas" of Abyei, the Nuba Mountains and Southern Blue Nile. The peace negotiations were facilitated by IGAD and led by chief mediator Gen. Lazarus Sumbeiywo of Kenya. In March 2003, a special session on the Three Areas was held in the Karen suburb of Nairobi.<sup>9</sup> Separate

discussions were held on each area, with each delegation led by a "son of the area". The Abyei session made little progress because of a disagreement over the make-up of the delegations. The SPLM refused to recognise the Misseriya head of the NCP delegation, because he came from outside Abyei, and the talks stalled.<sup>10</sup> For the Ngok Dinka and the SPLM, accepting the Misseriya delegation as presented would have implied that these communities were residents of Abyei and thus entitled to vote in a potential referendum.

With the SPLM arguing for a self-determination referendum and the government refusing but trying to stretch the definition of Abyei to include the larger Misseriya population, the parties made the first moves in a chess match that is still playing out today.<sup>11</sup> They appeared to agree at the Karen negotiations on criteria for defining a resident of Abyei but these were not ratified by the session and were not cited in the eventual Abyei agreement.<sup>12</sup>

The Three Areas, and Abyei in particular, were one of the most difficult issues throughout the CPA negotiations. The main disagreement was whether Abyei would be granted a referendum with an option to join southern Sudan, which implied the possibility of joining an independent South after the southern self-determination referendum in 2011. This was a core SPLM demand. With senior representation from Abyei in the movement's leadership, Garang had little flexibility. The government consistently refused to consider a referendum for Abyei, arguing that the Machakos Protocol had already closed that door, and Abyei must remain in the North.<sup>13</sup> Khartoum's

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<sup>7</sup> See Crisis Group Africa Report N°96, *The Khartoum-SPLM Agreement: Sudan's Uncertain Peace*, 25 July 2005.

<sup>8</sup> The Rizeigat of South Darfur were the other main contributor to the *Murahleen* strategy. Both received support from the government of Sadiq al-Mahdi and his Umma Party, prior to the 1989 coup that brought the National Islamic Front (now NCP) to power. Ironically, both the Misseriya and Rizeigat have recently joined the SPLA in large numbers and are increasingly antagonistic towards the NCP. Crisis Group Africa Report N°130, *A Strategy for Comprehensive Peace in Sudan*, 26 July 2007; Crisis Group interviews, July-September 2007.

<sup>9</sup> Because the government argued that IGAD's mandate was limited to the problem of southern Sudan, the talks on the Three Areas were formally held under the auspices of the Kenyan government. The agreements on the Three Areas became integral parts of the CPA; no distinction is made between the protocols negotiated with the help of IGAD and those negotiated with the help of Kenya.

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<sup>10</sup> Crisis Group interviews, Karen, March 2003.

<sup>11</sup> The paramount chief of the Misseriya, Mukhtar Babu Nimr, who attended the Karen talks as a member of the government delegation, reportedly made it clear to the SPLM and Ngok Dinka delegations in a private meeting that he did not dispute the Dinka territorial claim, though he was opposed to the territory being shifted to southern Sudan. When the government learned this, he was ordered to hold the government line or be dismissed. He returned to the talks and remained quiet. "Interview with Douglas Johnson, expert on the Abyei Boundary Commission", IRIN, 29 May 2006. Johnson was a resource person at the Karen talks.

<sup>12</sup> The three criteria for residency were: 1) via the father's bloodline; 2) being born and raised in the area; 3) having a parent affiliated with a tribe in the area. According to an SPLM delegate, the head of the Misseriya delegation failed to meet these criteria. Crisis Group interview, 24 March 2003.

<sup>13</sup> Taha's first offer to Garang on Abyei was the government's most conciliatory and was never repeated: a referendum or a presidential order to shift Abyei directly to Bahr el-Ghazal province. Crisis Group interview, September

rejection of a referendum on Abyei was driven primarily by its fear of losing control over the oil resources in the area, which make up the bulk of the proven reserves in northern Sudan.

The deadlock was eventually broken by U.S. intervention. In March 2004, the presidential envoy on Sudan, ex-Senator John Danforth, visited the negotiations at Naivasha and presented the parties with a draft agreement on Abyei. Though the government initially resisted because it contained a referendum, it eventually agreed under pressure from Washington. The Abyei Protocol provided for the entity to have a special administrative status, under the institution of the presidency, and the borders of the territory of the nine Ngok Dinka chiefdoms that was transferred to Kordofan in 1905. A special Abyei Boundaries Commission (ABC) was to demarcate this area,<sup>14</sup> and a local executive council was to be established, initially appointed by the presidency before the 2009 local elections. The protocol defined residents of Abyei as members of the Ngok Dinka community and other citizens residing in the area, and the Abyei Referendum Commission (also to be appointed by the presidency) was tasked to determine the residency criteria. Essentially nothing, however, has yet been implemented.

The NCP has consistently attempted to include Misseriya as residents of Abyei, calculating that they are more likely to vote to remain in the North than the Ngok Dinka. While the SPLM accepts that some Misseriya have settled in Abyei and so should be eligible to serve in the local administration, it rejects inclusion of the Misseriya as a tribe, arguing that though they pass through Abyei for several months every year while taking their cattle southwards to graze, their permanent residence is elsewhere. The Abyei Protocol was designed to deal primarily with the grievances of the SPLM and the mass displacement of the Ngok Dinka, and on paper it succeeded in those limited tasks. As discussed below, however, the NCP's lack of political will has prevented implementation.

When the ABC report was presented to the presidency on 14 July 2005, it was immediately rejected by the NCP, which accused the international experts of

having exceeded their mandate by using documents and information from beyond the 1905 period to determine the boundaries of Abyei.<sup>15</sup> The NCP used this claim to mobilise Misseriya against the report, going so far as to misrepresent its findings.<sup>16</sup> John Garang's death in a helicopter crash just weeks later, on 30 July, delayed all CPA implementation issues and forced Abyei off the agenda. But his death did not change the SPLM position, and his successor, Salva Kiir, insists that the ABC report be accepted and the Abyei agreement carried out.<sup>17</sup>

### C. EFFORTS TO BREAK THE DEADLOCK

By early 2006, the SPLM was regrouping under its new chairman, and the Government of National Unity and the Government of Southern Sudan (GoSS) had been established. However, a pattern was emerging of the NCP undermining selective elements of the peace agreement, including Abyei. The SPLM faced serious internal divisions and capacity challenges, and the international community was not giving aggressive support to the CPA's most fragile elements.<sup>18</sup>

In May 2006, the NCP and SPLM created a high-level executive committee to discuss CPA problems, including Abyei, and a potential political partnership.

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<sup>15</sup> For discussion of the deliberations of the experts and the parties' positions, see ABC Chairman Amb. Donald Petterson's paper, "Abyei Unresolved: A threat to North-South Agreement", at [www.ndu.edu/inss/symposia/sudan2006/pettersonpaper.pdf](http://www.ndu.edu/inss/symposia/sudan2006/pettersonpaper.pdf).

<sup>16</sup> At the beginning of the ABC deliberations, the international experts sought to explore the possibility of a compromise. The SPLM delegation agreed to this but the chairman of the government (NCP) delegation, Amb. Dirdirry Mohamed Ahmed, did not. Earlier efforts by SPLM and Ngok Dinka leaders to seek a compromise were also rebuffed, by Dirdirry in particular, who was apparently confident that historical arguments limited Abyei's territory to south of the Bahr al-Arab (River Kiir). "Interview with Douglas Johnson", op. cit.; Crisis Group interviews with senior SPLM officials involved in these negotiations, June 2005-August 2006.

<sup>17</sup> Salva Kiir and GoSS Vice-President Riek Machar come from communities close to Abyei, which also receive annual visits from Misseriya herdsman and their cattle from north of Abyei. Though some voices in the South have hinted that Abyei should be sacrificed rather than risking a renewed war with Khartoum, both leaders have been consistent in their support for the Abyei agreement and argue that a new war in Abyei could easily spread to their home areas. Crisis Group interviews, March, July 2006.

<sup>18</sup> See Crisis Group Africa Report N°106, *Sudan's Comprehensive Peace Agreement: The Long Road Ahead*, 31 March 2006.

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2003. Crisis Group Africa Report N°73, *Sudan: Towards an Incomplete Peace*, 11 December 2003.

<sup>14</sup> The mandate and make-up of the ABC was determined later. The ABC had five representatives from each party and five international experts. If the parties were unable to reach a consensus on the boundaries, as happened, the experts were to decide based on evidence collected during the research of the ABC.

The talks mostly failed but did agree on four options for Abyei: reaching a political agreement; referring the issue to the constitutional court; recalling the ABC's international experts to defend their decision; or third-party arbitration.<sup>19</sup> The only option to have been tried thus far is political dialogue, which has continued in fits and starts for eighteen months. The NCP rejected recalling the international experts, though the SPLM-led GoSS did bring them to Juba to address the southern parliament in mid-September 2007.<sup>20</sup> The SPLM ruled out the constitutional court because it is divided between NCP and SPLM appointees.<sup>21</sup>

SPLM Secretary General Pagan Amum has called for U.S. arbitration and even a U.S.-led administration in Abyei if negotiations fail, but the NCP has rejected this. While it makes sense that the U.S. would lead any arbitration effort given its role in the Abyei Protocol, it is more important that the international partners and guarantors agree on a common approach and put concerted pressure on the NCP to accept the ABC report. A politically acceptable mediator is not the main problem – Norway, IGAD or South Africa could also do the job; rather it is a lack of NCP political will to accept the agreement and lack of international resolve to hold it to its word.

The Assessment and Evaluation Commission (AEC), an internationally-chaired body created to monitor CPA implementation, attempted to facilitate formation of a much-needed temporary administration in Abyei, while skirting the difficult issues of borders and representation in the local administration. But talks quickly bogged down on those very issues. The NCP request for Misseriya participation in the temporary administration was refused by the SPLM, which demanded to know the boundaries of the administration and insisted on a timeframe for setting permanent boundaries. The AEC prepared an assessment of the legality of the NCP refusal to accept the ABC report. According to a leaked copy, it

concluded that the presidency is “constitutionally obliged” to establish the Abyei area’s special status and that the delay violates both the CPA and the Interim National Constitution.<sup>22</sup>

Since the AEC initiative, there has been some movement but no breakthroughs. The parties have continued talks on establishment of a temporary administration, with the powers and parameters set by the Abyei Protocol. The SPLM appears to have softened its stance somewhat, considering documents other than the ABC report as potential sources for determining the boundaries of the temporary administration, though it continues to insist that the permanent administration be based on the ABC findings.<sup>23</sup> The NCP suggested in May and June 2007 that boundaries might be based on the Abyei administrative unit as of 1995, at which time Abyei province was divided into Abyei, Muglad and Deebab localities.

On review, the SPLM learned that Abyei locality in 1995 had boundaries considerably larger than those established by the ABC.<sup>24</sup> The government changed the boundaries in 2000 (creating a fourth locality, Heglig, in Abyei province), and again in 2005 (to including a fifth locality, Sitep). In each case, the size of Abyei locality became smaller, as oil areas were carved out. The parties have also looked at earlier borders of Abyei localities and have agreed to an SPLM proposal to establish a fourteen-person joint committee to research the boundaries of Abyei locality in 1974, 1977 and 1995.<sup>25</sup> The SPLM believes that all three dates would mean more land for Abyei than what was in the ABC, and a senior representative warned that “we will not accept it if it’s less than the ABC”.<sup>26</sup>

Though the above may represent a modest step forward, there has been no progress on the issue of representation in the temporary administration. The parties have agreed to use the parameters from the Abyei protocol to determine representation in the temporary administration – members of the Ngok Dinka community and other Sudanese residing in the area – but there is no reason to expect the NCP to stop its efforts to define Misseriya as residents. Nevertheless, a shift is underway in the region, with anger in the Misseriya community towards the NCP

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<sup>19</sup> Art. 155, “The CPA Monitor”, August 2007, [http://www.unmis.org/common/documents/cpa-monitor/cpaMonitor\\_aug07.pdf](http://www.unmis.org/common/documents/cpa-monitor/cpaMonitor_aug07.pdf).

<sup>20</sup> President Bashir for a time favoured inviting the experts but changed his mind at the urging of senior NCP officials, who worried that the experts would simply defend the ABC report and so not advance the NCP position, Crisis Group interviews, March 2006, May, September 2007.

<sup>21</sup> Not all observers believe, however, that the court would necessarily divide along party lines, Crisis Group interview, 25 September 2007. “The Court is supposed to deal with CPA implementation”, noted a Sudanese legal expert, “but it has not yet been tested. It is too soon to rule it out”, Crisis Group correspondence, 2 October 2007.

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<sup>22</sup> The report was written by the AEC legal expert, Dr Markus Boeckefoerde, and was available for a time, though no longer, at [www.gurtong.org](http://www.gurtong.org).

<sup>23</sup> Crisis Group interviews, June-September 2007.

<sup>24</sup> Crisis Group interview, senior SPLM official, June 2007.

<sup>25</sup> Crisis Group interview, 25 September 2007. Simon Apiku, “Interim rule proposed for disputed Sudan oil region”, Reuters, 10 August 2007.

<sup>26</sup> Crisis Group interview, 17 September 2007.

bubbling up, causing significant numbers to seek to join the SPLA, because they see Juba as a closer and more friendly power centre than Khartoum. Between 10,000 and 15,000 Misseriya troops from the Shahamah movement are reportedly camped in Debaab hoping to join.<sup>27</sup> The NCP has tried repeatedly to woo the Misseriya back to its camp, with visits from senior officials, including President Bashir,<sup>28</sup> but Misseriya opposition appears to be growing.

One weakness of the Abyei Protocol was that the mediators allowed the parties to represent the communities. Though the positions of the Ngok Dinka and the SPLM have been consistently in line, the NCP has repeatedly exploited the Misseriya in ways that show its interests are tied to the oilfields. It was able to use the lack of substantial Misseriya participation in the negotiations to its advantage. By providing misinformation about the ABC report and feeding on insecurities about grazing rights, the NCP mobilised the tribe against the boundary report and the protocol. It may have miscalculated, however. Though it created space for misinformation among the Misseriya, their exclusion from the negotiation of what is often seen as an agreement at their expense, has turned many against the NCP. There is widespread unhappiness at the negative environmental impact of oil developments in their areas and the lack of community benefits from these developments – even menial labour is routinely brought in.

The additional insult of having the Misseriya-dominated province of Western Kordofan dissolved into Southern Kordofan, a provision requested by the NCP in the final days of the CPA negotiations on the Nuba Mountains, has further soured attitudes. The Misseriya's rapprochement with the SPLA may be a way to counter the influence of the Ngok Dinka within the SPLM and GoSS but it is also an indication of a shift in power dynamics in the transitional areas, from Khartoum to Juba.

In early September 2007, a small SPLA delegation traveled to Deebab to discuss integration of the Misseriya troops. It was stopped in Muglad and surrounded by a large army (SAF) force, which accused it of violating the CPA by carrying weapons into the North. Tensions escalated as the delegation was kept under siege for several days, before the UN-led Ceasefire Commission (CFC) intervened and

negotiated a settlement.<sup>29</sup> The SAF has maintained heavy forces in and around Abyei and the neighbouring oil areas – as many as 15,000 troops are reportedly stationed in Heglig, the major oil artery in the area, which is part of Abyei according to the ABC boundaries.<sup>30</sup> The SPLA has built up its forces south of Abyei and in the oil areas along the North-South border. Integration of the Misseriya into the SPLA is being hindered by the fact that, as SPLA, the troops would be required by the CPA to redeploy to the South. Many are reportedly refusing, and none have yet been moved. As long as they are stationed in the North under the SPLA banner, the risk grows of a clash with the SAF that could trigger a broader conflict.<sup>31</sup>

Though there has not been any fighting between the SAF and SPLA since the Malakal incident in November 2006, battle lines are being drawn.<sup>32</sup> The UN mission (UNMIS) has a presence in Abyei but the NCP initially refused to allow it to travel north of Abyei town, a step soon mimicked by the SPLA, leaving the UN without any way of monitoring most of the region. The SPLA/SAF Joint-Integrated Unit (JIU) in Abyei has not in fact been integrated. On 11 October, following a week-long meeting of the SPLM Interim Political Bureau, Secretary General Pagan Amum announced that the party would be suspending its participation in the Government of National Unity, in protest of the NCP's systematic violation of the agreement.<sup>33</sup> This marks the most serious political escalation to date between the parties, and highlights that peace can only hold if there is proper and full implementation of the CPA. Improving the implementation of the CPA, and specifically breaking the Abyei deadlock before there is an explosion will require significant international re-engagement.

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<sup>27</sup> Crisis Group interviews and correspondence with UN officials, July-September 2007.

<sup>28</sup> Roughly 1,200 Misseriya reportedly left Debaab and Shahamah after Bashir's visit, Crisis Group interview, 16 May 2007.

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<sup>29</sup> Bullen Kenyi and Isaac Swangin, "SPLA/SAF standoff ends without incident", *The Juba Post*, 13 September 2007.

<sup>30</sup> Crisis Group interview, senior UNMIS official, September 2007.

<sup>31</sup> Crisis Group interviews, UN and SPLM officials, September 2007, and correspondence, 10 October 2007. Such a clash might be provoked by a SAF attempt to disarm the Misseriya.

<sup>32</sup> Crisis Group interview, senior UNMIS official, September 2007.

<sup>33</sup> "Breaking News: SPLM withdraw from Sudan National Unity Government", *AFP/Sudan Tribune*, 11 October 2007. "Communique", SPLM Interim Political Bureau Meeting No. 2, 2007, Juba, 4-11 October 2007.

### III. DEFINING ABYEI'S OIL WEALTH

Since it was first discovered in 1979, oil has been a growing factor in politics and governance in Sudan. When production first came online in 1999, it revived the government's ability to wage war against the SPLA in the South and ushered in external investment that stimulated rapid growth in an economy that has been under U.S. economic sanctions since 1997. Oil is literally the fuel that drives the CPA. Though it was only one of several core issues negotiated in Naivasha, the 50 per cent share of southern oil money that the GoSS now receives accounts for nearly all its revenue. A drop in that revenue in March 2007 caused huge problems for the GoSS and SPLA to meet salary demands. Though national income sources are more diversified, petroleum exports remain the single largest source of foreign currency, allowing the NCP to wage its war in Darfur and buy off challengers as it pursues divide and rule tactics throughout the country.

The oil sector is not transparent and is still controlled by the NCP. Corruption is rampant, though the layers of NCP-affiliated companies and security agencies which thrive on state resources make it appear relatively subtle. Corruption is an equally worrying problem in the South, within the GoSS, where it is much more visible. The GoSS is waking up to the threat it poses. The entire ministry of finance has been sacked, including the minister, and an anti-corruption commission established. Yet, the centrality of oil in Sudan's economy means that changes must be made at the national level if they are to take hold. The National Petroleum Commission, the joint NCP-SPLM oversight body created in the CPA, which finally got off the ground after more than a year of procedural roadblocks, is an important place to start. The SPLM still is largely shut out of the oil sector, reliant on calculations and figures delivered by the NCP-dominated finance and energy ministries.

Given Abyei's unique political status, defining its oil resources is vital to better understanding the actions and calculations of the parties, as well as to avoiding conflict and finding possible solutions. To determine the oil wealth within Abyei's boundaries, as outlined below, Crisis Group used map 1 of the ABC report<sup>34</sup> and an oilfield and oil infrastructure map of Sudan's Muglad and Melut Basins purchased from IHS

Energy.<sup>35</sup> Applying the global coordinates on both maps, it was possible to determine which oilfields and wells are within Abyei, as defined by the ABC. The Abyei Protocol established special wealth-sharing provisions for revenue from oil produced within Abyei's territories,<sup>36</sup> distinct from oil in the South or North.<sup>37</sup> According to those maps, Abyei has three major oil fields – Heglig, Diffra and Bamboo Complex – and roughly 10 per cent of the Toma South field.<sup>38</sup>

#### A. PRODUCTION, RESERVES AND REVENUE

Sudan's oil production was only able to reach significant levels after the completion of the export pipeline from central Sudan to the Red Sea coast in 1999. Exploration began in the mid-1970s, and Chevron drilled several successful wells in the Abyei area in the early 1980s, beginning with Taiyib 1 in 1981.<sup>39</sup> Chevron pulled out in 1984, after an attack on its installations by the SPLA, and Sudan did not have the technical or financial resources to develop its own resources. Serious investment began in the mid-1990s, including in Abyei. In 1996, Canadian independent Arakis Energy<sup>40</sup> began development of the Heglig, Unity, and surrounding fields (Blocks 1

<sup>35</sup> "Sudan: Muglad & Melut Basin", map produced by IHS Global Exploration and Production Service, September 2006.

<sup>36</sup> The national government should receive 50 per cent of revenue from Abyei; the GoSS 42 per cent; Bahr el Ghazal state, Western Kordofan (now Southern Kordofan), the local Ngok Dinka and the local Misseriya people 2 per cent each.

<sup>37</sup> Revenue from oil in the South is split 50/50 between the central government and the GoSS, after 2 per cent is set aside for the oil producing state. Revenue from oil in the North goes directly to the central government budget.

<sup>38</sup> Heglig is also claimed by both North and South and could cause discrepancies between the ABC report and the North-South boundary commission. In 2004, the NCP tried to shift Heglig from Unity State (in the South) to Keilek locality in Southern Kordofan. Crisis Group obtained a copy of the administrative order, signed by senior NCP official Nafie Ali Nafie, in 2005. For more, see Crisis Group Report, *The Khartoum-SPLM Agreement*, op. cit.

<sup>39</sup> "Sudan: Muglad & Melut Basin", map, op. cit.

<sup>40</sup> Arakis acquired Chevron's concessions, which had been relinquished to the government, divided up and resold. Arakis was taken over by Talisman, another Canadian company, in 1998 after it had trouble raising capital to build the \$930 million pipeline, despite \$700 million from GNPOC partners (CNPC of China, 40 per cent; Petronas of Malaysia, 30 per cent; ONGC of India (which purchased Talisman's stake), 25 per cent; and Sudan National Petroleum Company, Sudapet, 5 per cent) and its own drilling success from 1995 to 1998.

<sup>34</sup> Abyei Area Boundaries, Map 1, Abyei Boundary Commission Report, at <http://www.sudanarchive.net/cgi-bin/sudan?a=d&d=D11d18.46&raw=1>.

and 2), then estimated to contain recoverable reserves of 600 million to 1.2 billion barrels.<sup>41</sup>

Arakis entered into a consortium with several other companies called the Greater Nile Petroleum Operating Company (GNPOC) in order to raise money for the 1,590-kilometre Greater Nile Oil Pipeline (GNOP) from the fields to the Suakim oil terminal near Port Sudan.<sup>42</sup> The GNOP passes through the middle of Abyei's main oil producing area (Block 2). The consortium brought in Chinese companies, which provided most of the engineering, equipment and construction for the fields' facilities and the pipeline, as well as 70 per cent of the line supplies.<sup>43</sup> In September 1999, the first cargo of "Nile Blend" crude departed the export terminal.

After 1999, Sudan's production took off. About 181,000 bbl/d was achieved in 2000, the GNOP's first full year of operation, with steady increases in all the fields of the concession until around 2003, when production was about 262,000 bbl/d. During this time, production began at fields in Block 4, a large portion of which is also in Abyei. By 2003, more than one quarter of Sudan's oil production was coming from Abyei.<sup>44</sup> Since then, production at most of the fields in the concession has begun to decline, including all the fields within Abyei. A few new fields did come online in other parts of GNPOC's concession, stemming the overall decline, and more importantly, additional fields and infrastructure (including new pipelines and refineries) began to come online in other areas of Sudan starting in 2003. By the last quarter of 2006, oil production from fields in the Melut Basin, as well as Blocks 5A and 6, represented about half the country's production, which had in effect doubled in only three years.

The following tables show the production history and forecast of the producing fields in Abyei in barrels per day, and associated revenue, respectively:<sup>45</sup>

	Bamboo Complex	Heglig	Diffra	Toma South at 10%	Total BPD
<b>1999</b>	0	38200	0	3250	<b>43449</b>
<b>2000</b>	0	36200	0	4450	<b>42650</b>
<b>2001</b>	13000	58200	0	4700	<b>77901</b>
<b>2002</b>	19700	54400	0	4650	<b>80752</b>
<b>2003</b>	18300	44200	0	4800	<b>69303</b>
<b>2004</b>	16300	35200	25100	4270	<b>82874</b>
<b>2005</b>	14600	23200	30000	3250	<b>73055</b>
<b>2006</b>	12800	24500	25000	1990	<b>66296</b>
<b>2007</b>	11300	19900	13800	1480	<b>48487</b>
<b>2008</b>	10100	17200	7100	1180	<b>37588</b>
<b>2009</b>	9200	15100	4000	970	<b>31279</b>

The following table estimates Abyei's revenues from 2005 to 2009:<sup>46</sup>

	Price per barrel (\$)	Production (million barrels)	Net revenues (\$ million)
<b>2005</b>	38.96	28.66	599
<b>2006</b>	52.03	24.20	670.85
<b>2007</b>	52.03	17.70	529.39
<b>2008</b>	55.71	13.76	11.42
<b>2009</b>	59.24	11.42	388.87

As indicated, Abyei's oil production is declining, and estimates drop sharply after 2006. Abyei's relative

<sup>41</sup> "Sudan Country Analysis Brief", U.S. Energy Information Administration, <http://www.eia.doe.gov/emeu/cabs/Sudan/Oil.html>.

<sup>42</sup> Although the pipeline was originally built to move 200,000 barrels per day (bbl/d), its current capacity is 450,000 bbl/d.

<sup>43</sup> Shichor, Yitzhak, "Sudan: China's Outpost in Africa", *China Brief* (Jamestown Foundation), 13 October 2005.

<sup>44</sup> This takes into account 10 per cent of production at Toma South, which is mostly outside of Abyei and is the only oil field that appears to be intersected by an Abyei boundary line. Neither Khartoum nor the GoSS appears to include South Toma in its conception of Abyei oil production. However, this could become a matter of dispute in the future.

<sup>45</sup> Crisis Group obtained these figures in 2006 from an official working in the international petroleum sector.

<sup>46</sup> For the calculations leading to the figures of 2005, and the assumptions used in determining revenue figures, see Appendix B below. The 2006-2009 forecast is adapted from the U.S. Energy Information Administration's "Annual Energy Outlook 2006", using the imported crude oil price, and assuming that the Sudan export/refinery price will be a more or less constant percentage based on the average of past years. Constant 2004 dollar (real) prices are used, so these are real revenues.



importance to Sudan's oil sector has also declined. From over a quarter of all oil production in 2003, it will likely be less than 8 per cent in 2007. Estimating remaining oil reserves in Abyei is an imprecise process. Using the above table, from 1999 through 2006 Abyei is believed to have produced 196 million barrels. The sum of reserves of all the known fields prior to production was about 395 million barrels.<sup>47</sup> Heglig, the largest field in Abyei, had about 200 million barrels of recoverable reserves before production began. Toma South, with another 165 million barrels, could also be added to this at a 10 per cent rate: about 16.5 million barrels. All of Abyei's producing fields are now declining at rates that indicate more than half the recoverable reserves have been produced. Other indications that the majority of recoverable reserves have been exploited include the high water cut and coning occurring in the fields in Blocks 1 and 2.<sup>48</sup>

To counter these problems, there are reports of horizontal drilling, indicating that the fields are already at the tertiary recovery stage. Taking all this into consideration along with the short-term forecast of production, Abyei most likely has about 200 million barrels of recoverable reserves left. Some of the smaller fields may not be economically viable – GNPOC consortium members have made large investments elsewhere in Sudan. Hence, it is likely that more than half of all the oil that will ever be produced in Abyei has already been extracted. However, CNPC is carrying out new exploration and development throughout Abyei, including south of the Barh el-Arab (river Kiir). The new development is reportedly causing environmental damage, including flooding and drastic changes in the irrigation of agricultural land.<sup>49</sup>

Since the Abyei Protocol came into effect on 1 January 2005, there has, as noted, been a special oil revenue sharing plan for the Abyei area for the interim period, until the 2011 referendum.<sup>50</sup> The NCP's refusal to accept the ABC boundaries, however, means that Abyei's oil revenue has not been

distributed as it should have. That revenue from 2005 to 2007 was roughly \$1.8 billion. The GoSS's 42 per cent should be approximately \$756 million, and the 2 per cent to Bahr el Ghazal State, Southern Kordofan State, the Ngok Dinka peoples, and local Misseriya should be about \$36 million each. Some oil revenue has been paid by the central government to Southern Kordofan State and the Unity State government but as North-South borders have not been delineated and the government does not explain its calculations, it is not possible to know if some Abyei revenue has been included in the payments to these states.

## B. IMPLICATIONS

If Abyei's remaining oil reserves are likely to be very small by 2011 relative to other Sudanese reserves, Abyei may become a lesser bone of contention between Khartoum and any possible future independent government in the South. It is possible that Khartoum has encouraged more rapid exploitation of Abyei's fields to obtain the maximum yield prior to the referendum, though there is no evidence of this. Fields elsewhere seem to have similar production profiles, and given Abyei's geology and the desire of GNPOC companies to maximise their return on capital, it is questionable how much Khartoum could impact the field depletion rates. Nevertheless, the NCP probably knew the Abyei production trajectory when it agreed to the CPA and the Protocol, though it clearly did not expect the ABC to locate so much oil wealth within Abyei, where it would be subject to the 2011 referendum.

Regardless of production, Abyei will remain important because of its pipeline infrastructure. Not only Block 1 but also Block 5A, where the Thar Jath field came online in August 2006, is reliant on the GNOP across Abyei. Transit fees might become more important than Abyei's own production one day, depending on developments to the South and the rate and time of Abyei's final decline. Abyei would only be able to collect transit fees on another jurisdiction, so this might be an incentive to stay with the North. However, if Abyei stayed with the North, there is no guarantee it would be able to keep those fees rather than see them go to Khartoum. The Protocol does not define what continuing "special administrative status" as part of the North means after the interim period. Therefore, there are important negotiations before 2011 that could yet affect the outcome of the special Abyei proposition, as well, perhaps, as the referendum itself.

<sup>47</sup> Crisis Group interview, November 2006.

<sup>48</sup> "Sudan Explores New Areas Opened Up by Peace Agreement", *International Oil Daily*, 11 November 2005, and Crisis Group interview, August 2006. Water cut is the amount of water coming out of the well for a given amount of oil. Coning refers to a situation in which because of physical conditions, water flows around the perforated end of the pipe higher than where the water layer usually ends (creating a sort of cone of water around the perforated end of the pipe), so that the well only extends into water, despite its depth being equivalent to the oil layer for the most part.

<sup>49</sup> Crisis Group correspondence, 22 March 2007.

<sup>50</sup> See fn. 34 above.

Most importantly, these figures help shed some light on the NCP's rejection of the ABC report. The financial implications are significant. Even without the threat of the referendum shifting Abyei to an independent South, placing these fields within Abyei means that the central government must share half the revenue instead of keeping it entirely in the national budget. Finding a solution on Abyei may require flexibility from the SPLM in order to lessen the financial blow to Khartoum. Conversely, the disbursement in good faith of so much money to the GoSS, Abyei and the local communities could significantly strengthen the peace deal. Much advance work should be done, however, to prepare for receipt of this money and to establish priorities. This is particularly true for the Ngok Dinka and Misseriya communities – the only ones in the country explicitly entitled to a share of the oil wealth – but also for Southern Kordofan and Bahr-el Ghazal provinces. Though there is improvement, the GoSS must also do more to ensure transparent, fair use of the additional revenue from Abyei, at both regional and state levels.

#### **IV. BREAKING THE DEADLOCK**

The risk of renewed conflict in Abyei must be addressed on both the national and local levels but the primary challenge is to overcome the NCP's resistance to implementing the agreement in good faith, beginning with the acceptance of the ABC report. The parties are at a stalemate, and efforts to create a temporary administration will likely remain stuck over disagreements on the boundaries and representation in that administration. NCP intransigence is closely tied to Abyei's oil reserves. The international community, led by the witnesses and guarantors to the CPA, needs to send a clear and consistent message to the regime that it is legally committed to the ABC report, and implementation must be based on its findings. There has been little international pressure over Abyei, and this must change quickly to create the political climate in Khartoum for resolving the issue.

At local levels, UNMIS should do more to create space for dialogue between Ngok Dinka and Misseriya community leaders. The relations between those groups seem stable, and the developing integration of Misseriya fighters into the SPLA reduces the risk of further conflict, though as the tribe's impatience and anger grows, it could lead to Misseriya involvement in any spill-over from Darfur. An early sign of this was the joint attack in August by JEM and Misseriya elements on a government police

base in Wad Banda, Northern Kordofan. Establishing a functioning Abyei administration, followed by an urgent launch of the reconciliation process the agreement calls for, is the best short-term strategy for improving the situation.

The biggest local risk comes from Misseriya fear, nurtured by the NCP, that implementation of the Abyei Protocol and a referendum on joining the South would mean loss of grazing rights. The agreement protects these rights but trust must be built and guarantees developed, with active UNMIS support, to assuage Misseriya concern about survival as a pastoralist community. There is also a risk that frustration at the lack of implementation among local Ngok Dinka youth could lead to spontaneous violence in the area, which could in turn easily set off a broader conflict.

As discussed, the main problem comes down to the large oil reserves within Abyei's borders. Implementation of the wealth-sharing deal would immediately build strong local support for the agreement. However, the NCP's budgetary concerns about sharing Abyei's oil wealth and the longer term implications of Abyei possibly joining an independent South have to be dealt with. The SPLM has shown some willingness to be flexible on Abyei oil revenue, recently tabling an offer to share revenue beyond the interim period.<sup>51</sup> These discussions need to be pursued more seriously. International oil expertise is being made available by the U.S. and Norway and could be extended to help craft a longer-term, revenue-sharing deal between North and South.

The parties should also sign up to the Extractive Industries Transparency Initiative (EITI), a global initiative launched in 2002 to improve governance and accountability in resource-rich countries.<sup>52</sup> This and other measures should be taken to address the large problem of corruption related to oil revenues that exists throughout Sudan. International aid should be extended to the Bahr el-Ghazal and Southern Kordofan state governments and local Dinka and Misseriya communities to help them establish mechanisms for handling their share of Abyei's oil revenue.

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<sup>51</sup> Crisis Group interview, 17 September 2007. The NCP has not yet responded.

<sup>52</sup> [www.eitransparency.org](http://www.eitransparency.org).

Abyei will likely continue to be a flashpoint throughout the interim period but it is at the heart of a properly implemented CPA and stable and peaceful North-South and NCP-SPLM relationships. UNMIS, with the help of its international partners, should propose a UN-monitored and patrolled demilitarised zone in Abyei as a first important step back from the brink of war. It could eventually be extended along the entire North-South border, beginning with the oil areas and other areas with troop concentrations. A demilitarised zone would greatly reduce the risk of renewed conflict and CPA collapse and hopefully allow some trust to take hold between the partners. UNMIS has the primary mandate to monitor and support CPA implementation and the resources to adapt to new risks as they emerge. One of the first efforts of the new Special Representative of the Secretary-General (SRSG), Ashraf Qazi, should be to de-escalate the situations in Abyei and the transition areas by negotiation of a demilitarised zone.

## V. CONCLUSION

What happens in Abyei is likely to determine whether Sudan consolidates the peace or returns to war. Progress there would unlock a broader set of problems challenging CPA implementation, just as renewed violence would likely break the CPA. The absence of a local administration and any implementation of the protocol is leading to mounting tension. The political dialogue is at an impasse. To protect Sudan's fragile peace, the international community should urgently re-engage on implementation of the Abyei Protocol, as part of a broader re-engagement on CPA issues. A solution requires political will from Khartoum and the beginning of good faith implementation. As the NCP's position is based on its interest in Abyei's oil, a breakthrough is unlikely until that question is dealt with in a transparent way. Pressure is needed for the NCP to accept the "final and binding" ABC report but creative thinking is also required to help the regime cope with the revenue-sharing payments due to Abyei from that oil.

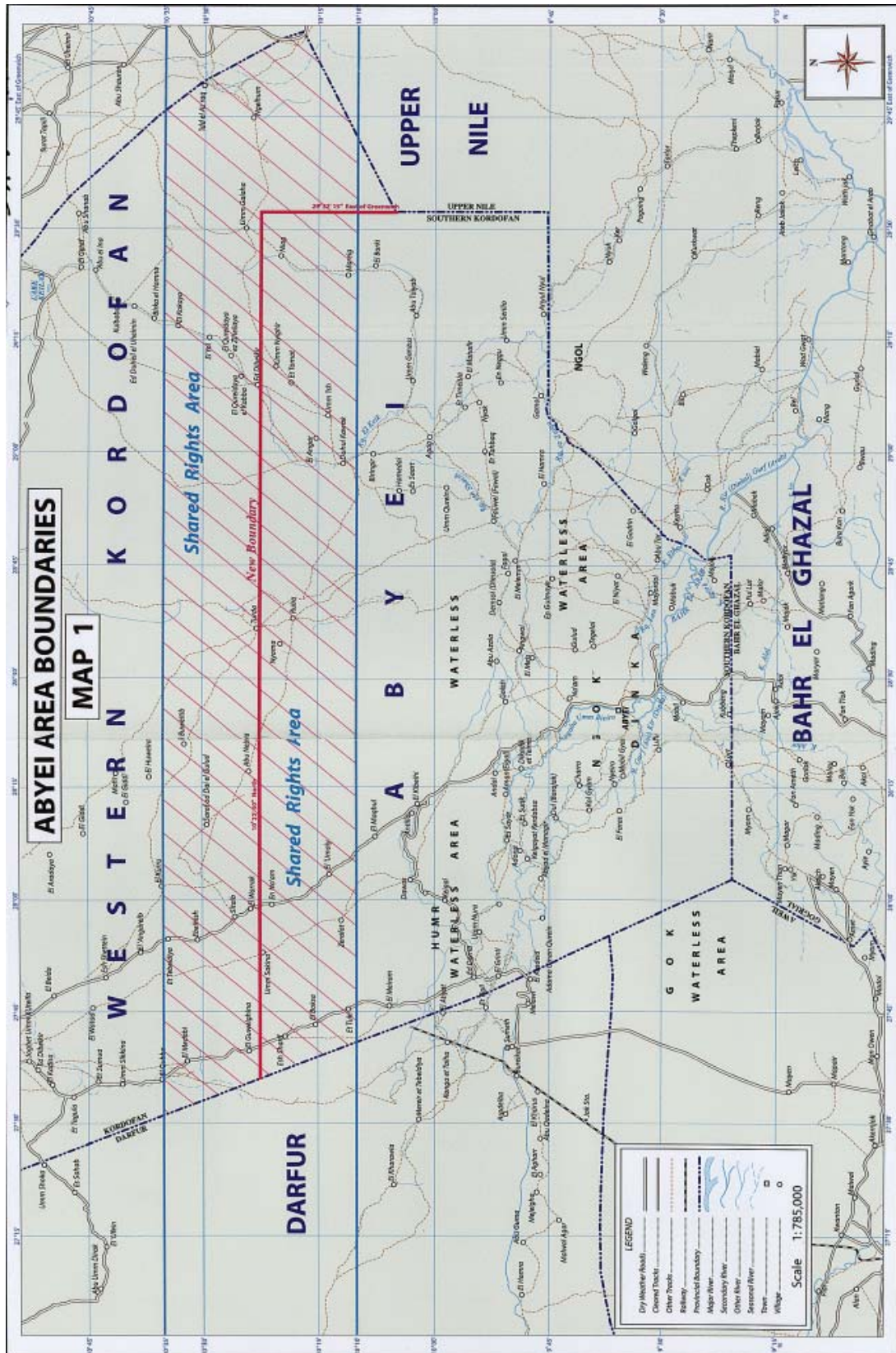
**Nairobi/Brussels, 12 October 2007**

APPENDIX A  
 MAP OF SUDAN



## APPENDIX B

### MAP OF ABYEI AREA BOUNDARIES



## APPENDIX C

### NET ABYEI OIL REVENUES, 2005

Based on the production figures obtained by Crisis Group, the following calculations approximate net oil revenues from Abyei for 2005. All production figures are thousand barrels per year; revenue figures are in million U.S. dollars per year.

1	Abyei production	26,665	20	Total GoSS net revenue (50% of net Govt. revenue after state allocation that comes from the South)	\$798.4
2	Sudan production	100,250	21	Direct transfers from Govt. to GoSS for 2005 (some additional transfers took place in 2006)	\$523.3
3	Abyei as % of Sudan	26.6%	22	Transfers from ORSA to GoSS for 2005 (some additional transfers took place in 2006)	\$96.3
4	Sudan South production	72,756	23	Total transfers to GoSS for 2005 revenue earned	\$619.6
5	South as % of Sudan production	72.6%	24	Direct expenditure from Govt. to GoSS in 2005	\$194.5
6	Govt. share of Sudan production	69,683	25	GoSS (budgetary) net position for 2005	\$80.6
7	Govt. share as % of Sudan production	69.5%	26	State shares of Revenue (2%)	\$45.0
8	Govt. share of Sudan South production	50,471	27	Unity State's share	\$32.6
9	Govt. share of as % of Sudan South production	69.4%	28	South Kordofan's share	\$12.5
10	Govt. gross revenue from exports	\$1,793.70	29	Abyei approximate net revenue	\$598.9
11	Govt. gross revenue from refinery shipments	\$921.30	30	Abyei share of total net revenue (before 2% deduction for State distributions)	26.6%
12	Total Govt. gross revenue	\$2,715.00	31	50% share to Govt.	\$299.5
13	Implicit fob oil price per barrel on Govt. oil	\$38.96	32	42% share to GoSS	\$251.5
14	Net Govt. oil revenue from exports	\$1,492.3	33	2% share to Bahr al Ghazal State	\$12.0
15	Net Govt. oil revenue from refinery shipments	\$759.4	34	2% share to South Kordofan State	\$12.0
16	Total Govt. net revenue	\$2,251.7	35	2% share to local Ngok Dinka	\$12.0
17	Total net Govt. revenue after 2% allocation to states	\$2,206.7	36	2% share to local Misseriya people	\$12.0
18	GoSS net revenue from exports	\$528.1			
19	GoSS net revenue from refinery shipments	\$270.3			

The first five lines are self-explanatory. The government share of production (line 6) is what remains after covering production costs and that share of production which goes to the contractor (per the terms of each production sharing agreement, PSA). About 30.5 per cent of Sudan's oil sales in 2005 went to cover production costs and to contractors.<sup>53</sup> As Abyei is not part of the South, it is observable that most oil produced in northern Sudan in 2005 came from there (lines 3 and 5 sum to nearly 100 per cent). At the time, there was only one non-Abyei producing field in the North, Neem, which came online in 2005. While we include 10 per cent of Toma South's production as Abyei's, the Sudanese government does not, so the figures in the table include 100 per cent of Toma South as production from Southern Sudan. This accounts for the fact that Abyei plus Southern Sudan equals nearly 100 per cent of total Sudanese production here.<sup>54</sup>

Revenue is earned from exports and selling crude oil to Sudan's domestic refineries. Gross oil revenues enable average price per barrel to be calculated (line 13).<sup>55</sup> Net oil revenues are net of transport and administrative costs, which are about

<sup>53</sup> There is a production cost per barrel produced. So, if production was 100 barrels, and production costs were \$2.50 per barrel, and the selling price per barrel was \$50, the proceeds for sale of five barrels of the 100 would be applied to cover production costs. Each contractor company or contracting consortium receives a share of production, perhaps 20 to 30 per cent, that is its to sell and also pay costs on, not just production costs, but also transport and other costs.

<sup>54</sup> In other words, 10 per cent of South Toma's production was approximately equal to Neem's production. There was also small production already from Abu Gabra and Bashair in Block 6 in the north but the figures do not seem to account for this.

<sup>55</sup> This price seems somewhat low compared to world prices in 2005 and the average price for government oil in 2006. It is possible that the oil being sold to domestic refineries at an artificially low price, a subsidy so that refineries could sell petroleum products cheaply domestically or simply profit on the refining end rather than on crude oil sales. This could be a way to transfer more oil revenue in effect from the South to the North. Alternatively, there could have been more revenue from exports but some of it never made it into government accounts.

17 per cent of gross revenues. Per CPA terms, 2 per cent of the government's net revenue should go directly to two states, Unity and South Kordofan, before further calculations are made (line 26). The GoSS then receives half the net revenues emanating from the South, that is, 50 per cent times 72.6 per cent times \$2.2064 billion, which is \$798.4 million (line 20).<sup>56</sup>

The GoSS received \$523.3 million from Khartoum in 2005 as distributed net oil revenues from the line 20 calculation. Given that revenue calculations cannot be completed and distribution administered until about two months after production is transported and sold, the GoSS continued to receive transfers for 2005 production into 2006 – an additional \$119.4 million. Sudan also has an Oil Revenue Stabilisation Account (ORSA), which takes in all government revenue from the sale of oil above \$45 per barrel. International oil prices were well above that price for much of 2005, so deposits representing revenue from much of the exported oil were made into the ORSA. When the government makes withdrawals from the ORSA, a percentage is later distributed to the GoSS using what appears to be the same formula as for general distribution of revenue. This amounted to \$96.25 million in 2005 (line 94). The government also directly paid \$194.5 million in expenditures in 2005 under GoSS auspices. The GoSS was left with a net positive position of \$80.6 million, given these revenues and others, and spending in 2005.

With knowledge of net revenues compared to gross revenues and of costs in Sudan, one can determine roughly what Abyei's net revenues were during 2005, given the production figure of 73,055 barrels per day and assuming that its net revenues would be about the same percentage as for Sudan as a whole. The calculation is Abyei's production for the year times the percentage that goes to the government (69.5 per cent) times the percentage net revenue is of gross revenue (82.9 per cent)<sup>57</sup> times the average price per barrel received for a combination of domestically refined and exported oil in Sudan as a whole in 2005 (\$38.96). This is about \$599 million (line 29). Lines 32 through 36 show additional revenues Khartoum should have distributed for 2005 according to the Abyei Protocol, independent of other distributions to the GoSS and oil-producing states specified in the CPA. Even if a small percentage of South Toma is not included in Abyei, the 2005 revenues due to the GoSS, the two states, the Ngok Dinka, and the Misseriya would have been well over \$285 million. They have not been distributed to date.<sup>58</sup>

Despite production declines in 2006, Abyei revenues were likely even higher than in 2005 because of increased oil prices. It appears the weighted average price per barrel for crude oil the government exported and which it sold to domestic refineries was \$48.22 in 2006, a 24 per cent increase.<sup>59</sup> In 2006, net government revenue (equivalent to line 16) was \$2.803 billion, again about 24 per cent higher.<sup>60</sup> Using the average Abyei production of 66,296 thousand barrels per day in 2006 and the same adjustments to government share from costs and PSAs and the same percentage administrative and transport costs, net government revenue from Abyei would be about \$671 million.

For Abyei, though, 2006 was likely a revenue peak. Both production and oil prices are expected to decline compared to 2006 in the years leading up to the 2011 referendum. It is reasonable to expect that by 2011 Abyei's real net revenues will be perhaps one third of 2006 levels, assuming constant real (inflation-adjusted) prices after 2009. Shares to be distributed will, of course, decline accordingly. Nevertheless, given the level of poverty in Abyei and Sudan in general, these are still substantial sums, perhaps \$1.4 billion in total to the parties identified in the protocol during the interim period (2005-2011).

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<sup>56</sup> For some reason, 72.72 per cent is used when making this calculation instead of 72.57 per cent, even though the South's share is listed as 72.57 per cent – hence, the slight discrepancy.

<sup>57</sup> That is, adjusting for transport and administrative costs.

<sup>58</sup> This was recently confirmed by Ngok Dinka tribal chief Kuol Deng. See, Skye Wheeler, "Sudan Deadlock over Abyei Stops Thousands Going Home", Reuters, 14 August 2007.

<sup>59</sup> Sudanese government data from Crisis Group sources. While the average price for crude sent to refineries was \$62.28 per barrel, the average export price per barrel (judging from gross revenues) was \$40.29 per barrel. This export price seems somewhat low, even considering that much of it was Dar Blend, a crude oil that is sold at a large discount to benchmark crude grades because of qualities that make it difficult to refine.

<sup>60</sup> What is difficult to understand from the Sudanese government data that Crisis Group has obtained is that crude oil production in Sudan and in the South of Sudan appears to have declined by 8 per cent and 14 per cent respectively from 2005 to 2006, when all independent analysts asserted that the country's production was increasing (for example, the USEIA and the International Energy Agency). Total crude oil production for Sudan in 2005 was 350,000 bbl/d and in 2006 was 378,100 bbl/d in 2006 according to the USEIA but 274,657 bbl/d in 2005 and 252,488 in 2006 according to the Sudanese government data that is used to calculate revenue share with the GoSS. This discrepancy lends credence to GoSS claims that it is not receiving its fair share of the revenue under the terms of the CPA, as under reporting production (as well as price) is a simple way to hide revenues.

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