

Sudan's Oil Industry after the Referendum

Conference Report



Report on the conference **Sudan's Oil Industry after the Referendum** held 7 & 8 December 2010 in Juba, South Sudan Hotel.

The Conference was a joint initiative of the **Sudan Council of Churches** (SCC) and the **European Coalition on Oil in Sudan** (ECOS). The Conference was made possible by a generous grant from **Brot für die Welt**.

Acknowledgements

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Sudan Council of Churches

The Sudan Council of Churches (SCC) is an active player in the search for peace, representing an important part of the Sudanese in the South and the North. A key role of the SCC is to build capacity of churches and other Sudanese institutions, and to creating space and forums for people and institutions to connect with each other, and promote sustainable and equitable development and peace. In 2008, the SCC established the 'Oil and Peace in Sudan' programme, in partnership with ECOS. The programme strives to strengthen the local communities in the oil areas so that their interests and rights are protected. It tries to achieve this by carrying out researches, capacity building to Church and Traditional Leaders, Local Government authorities and other relevant stakeholders.

The European Coalition on Oil in Sudan

The European Coalition on Oil in Sudan (ECOS) represents a large group of European organizations working for peace and justice in Sudan. ECOS calls for action by Governments and the business sector to ensure that Sudan's oil wealth contributes to peace and equitable development.

Contact

European Coalition on Oil in Sudan
P.O. Box 19316 | 3501 DH Utrecht | The Netherlands
info@ecosonline.org | www.ecosonline.org

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Background

On 7-8 December 2010, the conference on “*Sudan’s Oil Industry after the Referendum*” was held in Juba, Sudan. One month before the Referendum for self-determination of Southern Sudan, at the time when the Government of Southern Sudan was finalizing its future Petroleum Policy, offered a suitable moment to open a public debate about oil among a large group of stakeholders.

Negotiations for post-referendum arrangements are underway. Petroleum revenues are paramount for the country’s two governments and a mutually satisfactory formula for post-referendum arrangements may be the foundation for a peaceful future. However, the oil industry is complex and splitting it up will be a painful and very dangerous operation.

The 2005 Comprehensive Peace Agreement established that “*best known practices in the sustainable utilization and control of natural resources*” is the national standard, but this requirement was not fully respected. It is time to rethink the way the petroleum sector is managed. Among the issues at stake are the needs to ensure

- An attractive investment environment
- a social support basis for the industry,
- compliance with the highest international standards,
- financial accountability, and
- coming to terms with the unwieldy legacy of oil exploitation in Sudan.

The conference adopted a final declaration that summarizes the shared concerns of its participants.

FINAL DECLARATION

“Sudan’s Oil Industry after the Referendum”

On 7-8 December 2010, the conference on “*Sudan’s Oil Industry after the Referendum*” was held in Juba. The conference was attended by well over 100 representatives of the Government of Southern Sudan, diplomats, representatives of the Governments of Unity State and Upper Nile State, members of the National Legislative Assembly, the Southern Sudan Legislative Assembly and the Legislative Assemblies of Unity State and Upper Nile State, the SPLA, the Chinese National Petroleum Company, Total S.A, Churches, civil society organisations, the academic community, and the media.

Many **serious concerns** were expressed about the impact of the oil industry on people and the environment, as a result of inadequate regulation and enforcement. Among the most pressing issues reported were:

1. *Environmental degradation, damage to wildlife, pollution, and hydrological disturbance.*
2. *Absence of tangible local development.*
3. *Inadequate compensation for injustice and damage suffered by the local communities.*
4. *Lack of transparency and absence of accountability.*
5. *Insecurity.*
6. *Disrespectful relationships between companies, communities and authorities.*
7. *Inadequate clean-up, remediation and rehabilitation of operating sites.*

The conference observed that the obligation established by the Comprehensive Peace Agreement (CPA) and Interim National Constitution (INC) to implement the ‘best known practices’ in the oil industry, has not been respected, and concluded that Sudan is in urgent need of adequate regulation of the oil industry in all its aspects, in accordance with the highest international standards. Furthermore, participants to the conference welcomed the decision by the GoSS to take into account social and environmental impact of the oil industry when finalizing its future Petroleum Policy.

The conference noted with great interest the existence of **international standards** such as:

- √ *IFC Performance Criteria*
- √ *Extractive Industries Transparency Initiative (EITI)*
- √ *Voluntary Principles on Security and Human Rights (VPSHR)*
- The Natural Resource Charter*

and recommended to integrate these standards in the GoSS Petroleum Policy, with a view to including them in the GoSS’ future mandatory regulatory framework.

The conference further observed an **urgent need** for:

- *Compensation for past and current injustices, in accordance with the CPA, as part of a reconciliation process.*
- *A fully-fledged audit of the oil industry’s economic, environmental, social and security impact.*
- *State-of-the-art environmental practices and remediation, including an independent Strategic Impact Assessment and subsequent Environmental Management Plan.*
- *Respect for local cultural tradition.*
- *Coordinated and properly institutionalised security arrangements that ensure the safety of both industry and communities in accordance with the principles of international human rights law.*
- *A master plan for sustainable local economic development.*
- *Adequate popular consultation.*
- *Individual and collective grievance mechanisms.*

These matters are too urgent to be deferred until after the finalization of legislative and regulatory arrangements and require **immediate and decisive action** by the Government of Southern Sudan.

Realizing that the GoSS is yet to develop adequate capacity to enact, monitor and enforce effective measures, appreciation was expressed about the efforts by members of the international community to assist in the implementation of the CPA, among whom Norway deserves special recognition.

On behalf of the Participants to the Conference,

Juba, 8 December 2010

Rev. Ramadan Chan Liol
Sudan Council of Churches

Egbert G.Ch. Wesseling
European Coalition on Oil in Sudan

RECOMMENDATIONS

These recommendations are taken from the presentations and discussions during the Conference. Details can be found in the corresponding chapters.

Post-referendum arrangements *(page 8-10)*

- To avoid sustained disputes, the North-South oil arrangements should result in a comprehensive deal, leaving no room for interpretation post-CPA. Clear financial arrangements are of great importance, but creating an environment in which the oil industry can prosper is equally important for the future of the industry.
- A straightforward fee-for-service model, whereby the South pays a commercially and politically realistic price for services provided by the north, would be a more realistic and easier way forward than continuation of revenue-sharing.

Petroleum Policy *(page 11-13)*

- Petroleum resources belong to the people. The government manages the resources on behalf of the people and should make sure it is in the benefit of the people;
- The Southern Ministry for Energy and Mining (MEM) acutely needs more financial and human resources to monitor and manage the oil sector;
- There are 3 parties with a role to play: government, companies, and the community/public;
- The GoSS should adopt and impose compliance with existing international standards for the oil sector, notably:
 - ✓ *IFC Social and Environmental Performance Standards*
 - ✓ *Voluntary Principles on Security and Human Rights for the Extractives Industry*
 - ✓ *Extractive Industry Transparency Initiative (EITI)*
- The GoSS Petroleum Policy should be brought in line with the *Natural Resources Charter*.

Community Concerns *(page 14-15)*

- Government authorities should exert more attention to efforts to address local concerns;
- Compensation of victims is needed for sustained peaceful development of the oil industry;
- Employment policies need revision and should consider the interests of the local community;
- There is a need for capacity building of the local community in terms of education by offering scholarships;
- Management and allocation of the 2% (CPA provision) should involve the community to decide what needs to be done with the funds;
- Cultural traditions and land use by the communities should be respected by the companies;
- Business and contract awarding needs to consider the local business men and women and as well the contractors.

Company –Community Relations *(page 15/16)*

- Respectful relationships between all stakeholders - companies-government-communities - are necessary throughout all oil regions;
- Arrest of demonstrators is counterproductive and raises anger against local leaders;
- Development for the local people would reduce insecurity;
- More Civil Society Organizations (CSOs) should work in the oil areas to assist communities in defending their rights and monitor compensation payments;
- Donor money should be directed towards strengthening civil society participation in the oil sector in Southern Sudan.

Compensation *(page 16)*

- The local committees that manage compensations should be more transparent and better organized to prevent conflicts turning inwards to the local leaders;
- CSOs should be involved more in the process of compensation, as a way of providing assurance to the local people;
- The right to compensation for victims of oil contracts (pre- and post-CPA) should be safeguarded and be included in the new constitution;
- To avoid tension among the communities over individual compensation, compensation benefiting a whole community is preferred;
- A neutral body should be established to handle the community compensation for all affected areas;
- The GoSS and the companies should follow international standards and best practices on community relations and compensation.

Financial Transparency *(page 17)*

- South Sudan should strive for robust transparency and accountability in its new petroleum legislation;
- South Sudan should immediately apply for the Extractives Industry Transparency Initiative (EITI) and sign up upon independence.
- A double disclosure data reporting system, in addition to regular audits,
- Establish a “glass box” system to enable all stakeholders to know exactly how revenues are being managed;

Security and Human Rights *(page 18-19)*

- The flow of oil can only be secured when all stakeholders - companies, communities and the government – benefit. Therefore, the government and the companies should invest in building a social support base with the communities;
- Risk assessments for the oil industry must be based on understanding the environmental, economic, social and political conditions in which the oil companies operate,

- A neutral body should be established to address human rights violations in the oil producing areas.
- An emergency response body should be established, equipped to deal with a range of issues including environmental protection and the ability to communicate with all stakeholders during a crisis;
- GoSS should consider inviting the Secretariat of the Voluntary Principles (VPs) to discuss how the VPs could contribute to security and justice in the oil regions.

Land Rights (page 19-20)

- All land acquisitions must be paid for, and service rental fees should be paid partly to the communities,
- Local communities should have their basic rights protected and their livelihoods secured;
- Environmental impact assessments are essential to do from day one.
- Agreements on land should include the communities and the government. Chiefs cannot just give away land, but have to go through the government, which should protect the peoples' rights;
- Existing agreements need to be revisited.

The Environment (page 20-22)

- Environmental Impact Assessments (EIAs) should be required for ALL contracts;
- GoSS could carry out a fully-fledged Social and Environmental Impact Assessment (SEA);
- The SEA, EIAs and audit documents are to be publicly distributed and approved by Parliament so transparency and accountability are assured;
- All concerned ministries and departments – MEM, Environment, Water Resources, Animal Resources - should cooperate on environmental issues;
- The government should enforce laws that ensure that corporate responsibilities are respected by the oil companies;
- Minister of Energy & Mining to be on Southern Sudan Environmental Management Authority Council ("SSEMA")

Further needed:

- an internationally certified central reference laboratory;
- a central waste management facility;
- an independent monitoring entity;
- standards for subsonic vibrations;
- pollution control
- prohibition of discharge & spiller's liability
- Environmental Restoration Orders
- guidelines for use of bodies of water & wetlands including beds and banks

1. Post Referendum Arrangements

Egbert G.Ch. Wesselink, Director European Coalition on Oil in Sudan (ECOS)

In the short and medium term, oil determines everything in Sudan;

- Oil is a crucial factor in the post-referendum arrangements.
- All oil producing regions are conflict-prone, close to the North-South border, and heavily militarized.
- Oil contributes 58% to the national Government budget and 93% to that of the Government of Southern Sudan.
- Its true importance is even bigger as oil revenues represent over 90% of the Government's foreign currency income which it needs to service the country's \$35.7 billion international debt.

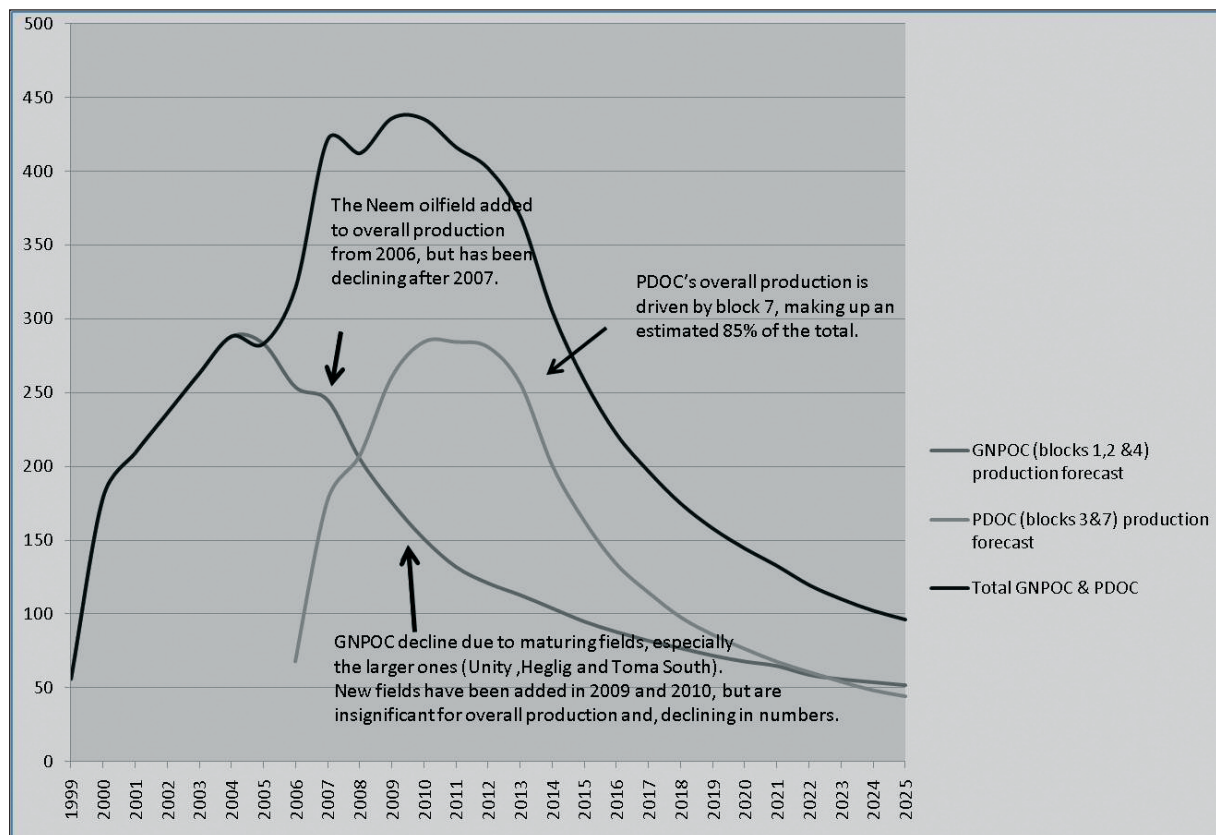
However, in the long term oil is not important. The proven reserves are depleting and the last major discovery was the Paloich field by Petrodar in 2003. At the time of the signing of the CPA, in 2005, the production of GNPOC was at its peak. Now, on the eve of the country's split-up, the other major oil producing consortium Petrodar is peaking. Overall production levels will decline steeply after 2012. Only in Block 6 production is known to be increasing, to

60.000 barrels per day in 2011, which will allow the government in Khartoum to partly compensate for the losses in revenues after July 2011. Neither the North nor the South can build a viable state on the basis of their modest and decreasing oil revenues.

However, the sharp decline in revenues may partly be compensated for if new finds are made. While the main producing blocks - 1, 2, 3 and 6 - have been extensively explored over the past ten years, Sudan as a whole remains underexplored. Block B in the South and the two Red Sea blocks are probably the best bet.

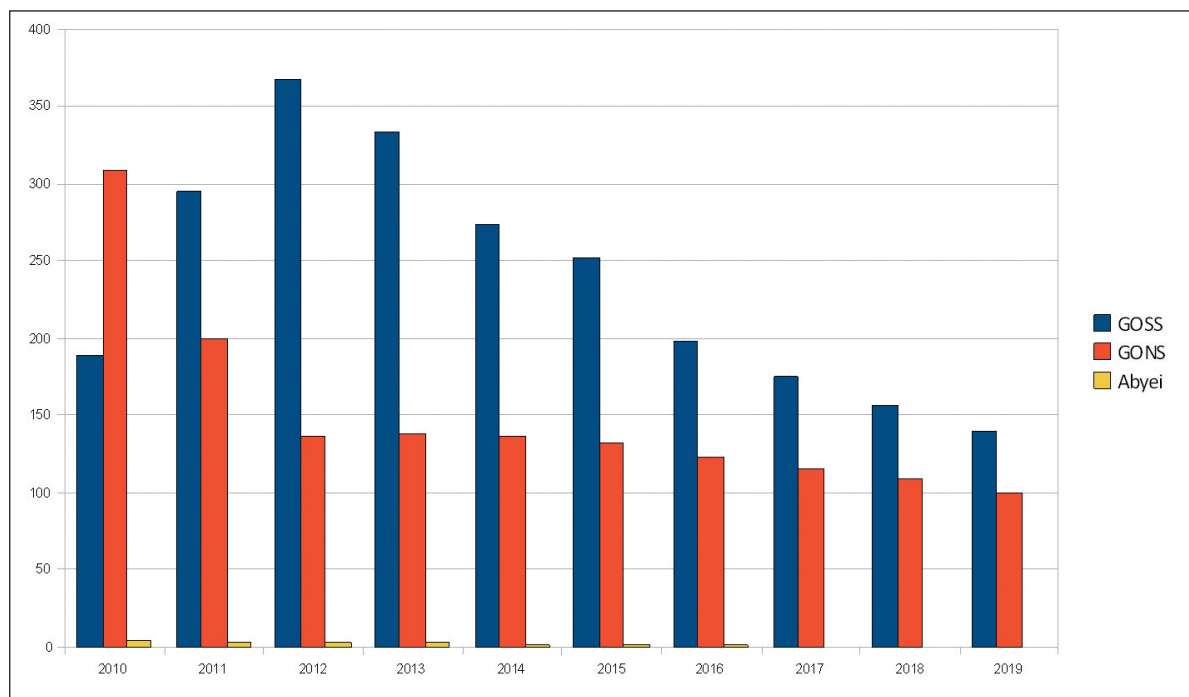
Now that the Permanent Court of Arbitration (PCA) has decided that the Heglig and Bamboo fields do not belong to Abyei, there is no reason to speak of 'oil-rich Abyei' anymore. The region is producing less than 5.000 barrels per day, in the Diffra field only, which is likely to be abandoned in 2017. The fact that there is shallow oil showing at the top-soil in some areas of Abyei has entrenched expectations that the area is floating on oil. These shallow reserves, however, are small and not commercially viable, and no indication for larger commercial reserves.

Projected decline in oil production in Blocks 1, 2 & 4, and 3 & 7 (in thousand b/d)



Data source: GNPOC and PDOC data (GNPOC 2020-2025 are ECOS' estimations)

**North – South Production Forecast 2010-2019
based on PCA decision (in thousand b/d)**



Source: ECOS calculations

- North-South sharing post-referendum: oil revenues for GoNU have been stable in 2010 and will remain so in 2011, the more as oil prices are up. GoSS production/revenue will increase significantly by July 2011 while GoNU's share in the production will decline sharply, but after a few years the differences in oil revenues between GoNU and GoSS both will gradually level out due to the decline of oil production in the south.
- Usually well-informed sources have told ECOS that there have been sizable oil finds in the Red Sea Basin, with potential flow rates up to 75,000 b/d, that can be brought on stream within 4 years time. If confirmed, this could provide crucial financial relief for the Khartoum Government by 2015.
- All available data indicates that the profitability of Sudan's oil industry is extremely good up to today, suggesting that the industry will be able to finance compliance with the highest social and environmental standards.

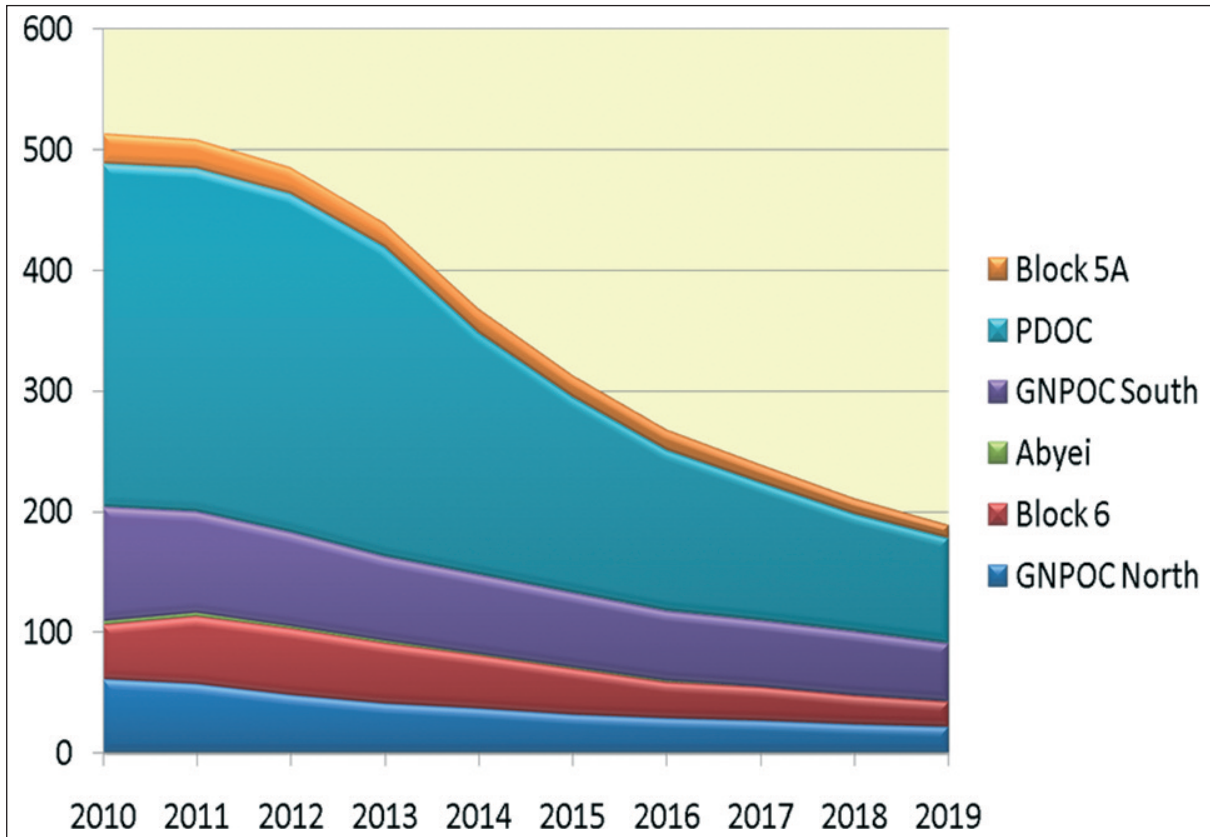
Key issues for the post-referendum negotiations:

- ✓ The post-referendum negotiations need to result in a comprehensive package of arrangements. Given the complex and integrated nature of Sudan's oil industry, the alternative, a series of separate agreements, risks to give an inconclusive

hotchpotch that holds the seeds of sustained disputes which will only frustrate the industry's future development.

- ✓ Sustained post-referendum wealth-sharing makes no sense as differences in oil revenues between North and South will soon be levelling out. Instead, a fee-for-service arrangement would provide a simple and effective formula to establish the necessary common economic interest in Southern oil production.
- ✓ Key to the future financial stability in north and South will be the distribution of Sudan's international debt and the conditions for debt relief. Sudan's international debt is unmanageable and oil is the country's main source of foreign currency. The question of 'wealth sharing' should be understood in this light.
- ✓ Other issues that must be taken into account are the ownership of Sudapet, the fee paid to the North for (joint) management of the industry, maintenance and security of the down-stream industry, the revenues generated by the country's refineries, and the cost structure of the industry. Inadequate transparency and competition in the market for contracting may have inflated prices and thereby lowered the total amount of revenues for GoNU and GoSS.

**Sudan Oil Production Estimate 2010-2019,
without large investments (in thousand b/d)**



Source: ECOS calculations

The full reports *Sudan's Oil Industry at the Eve of the Referendum: Facts and Analysis IV*, and *Post-referendum Arrangements for Sudan's Oil Industry*, are to be found at: <http://www.ecosonline.org/reports/2010/>.

2. Petroleum Policy

2.1 International Standards for the Oil Sector

Jill Shankleman, consultant and researcher on corporate social responsibility, United States Institute of Peace

Since Sudan’s oil industry started, international standards have changed for very clear reasons. In many parts of the world, it has not been possible to produce as much oil as companies and governments had hoped because of problems “on the ground”, in communities.

- In Sudan, Chevron left behind \$2 billion of investments because of the war.
- Over the past 15 years, increasing problems in Niger Delta resulted in that the country barely produces at 75% of its capacity. Massive oil theft, violent conflict and sabotage of infrastructure are also raising the social and environmental costs of oil exploitation to extremely high levels.
- These and other cases have led to a rethink about the environmental and social conditions for producing oil. Companies should consider how they can create conducive conditions for operating.
- In the past, the industry was characterized by private bilateral relations between government and companies. The new business model says there are 3 parties with a role to play: government, companies, and the community/public.

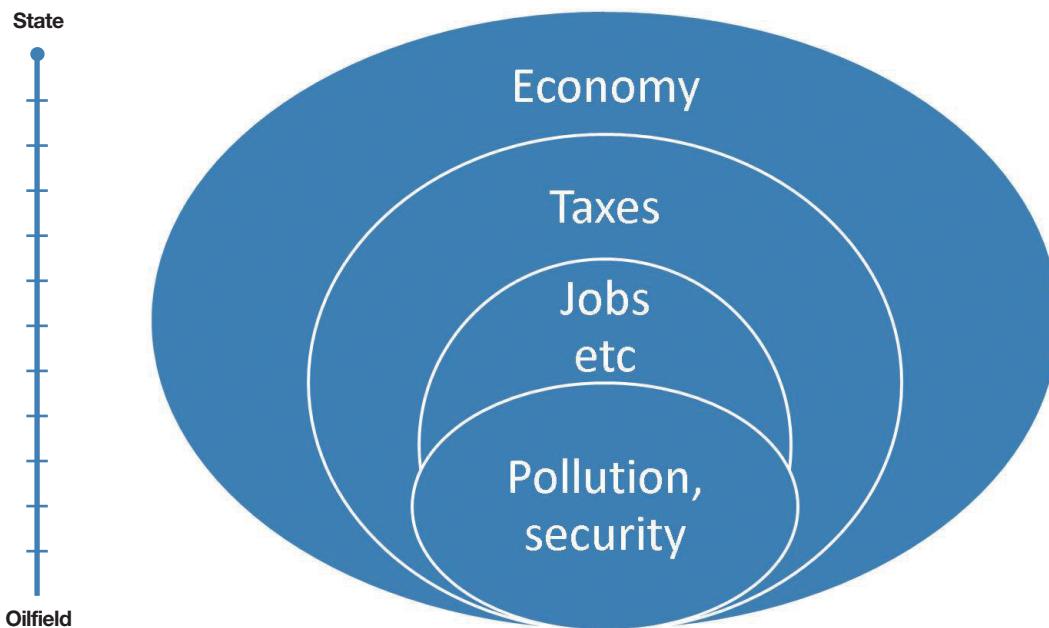
Among these new international standards, the most prominent are:

- IFC Social and Environmental Performance Standards (2006)¹

- Extractive Industry Transparency Initiative (EITI)²
- Voluntary Principles on Security and Human Rights for the Extractives Industry (2000)³
- The leading guideline to ensure that a government’s petroleum policy prevents the resource curse is the Natural Resource Charter⁴

The **IFC Social and Environmental Performance Standards** represent international best practice for protecting people and the environment. Importantly, these standards are *required* by international lenders including World Bank, African Development Bank. Some of its features:

- All major projects *must* have a comprehensive impact assessment, plan to limit negative impacts, plan to provide local benefits, and plan for independent monitoring, and must comply with World Bank Environmental Health and Safety Technical Guidelines, community relations plan and public disclosure policy. The impact assessment must also cover health, safety, and security of communities.
- There are strict rules for land acquisition and voluntary (temporary/permanent) resettlement, including compensation for losses and monitoring of resettlement.
- “Local Content”: how to maximize local employment and business opportunities from oil? There are no written international standards on ‘local content’, only best practices that:
 - require companies to prioritize local people for unskilled work
 - includes long-term training and local supplier plans that match demand for skills with training



1 <http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards>
 2 <http://eiti.org/>, further dealt with in chapter 6
 3 <http://voluntaryprinciples.org/principles/introduction>, further dealt with in chapter 7
 4 <http://www.naturalresourcecharter.org/>

The purpose of the **Natural Resource Charter** is to assist governments and societies to maximize benefits of non-renewable natural resources and manage the industry accountably. The GoSS is advised to ensure compliance with this charter.

Conclusions and recommendations:

- The GoSS should adopt and impose compliance with existing international standards for the oil sector, notably:
 - ✓ IFC Social and Environmental Performance Standards (2006)
 - ✓ Voluntary Principles on Security and Human Rights for the Extractives Industry (2000)
 - ✓ Extractive Industry Transparency Initiative (EITI, 2000).
- The GoSS Petroleum Policy should be brought in line with the Natural Resources Charter (2009).

Q and A:

Q. Technology being used in Sudan's oil industry is substandard. Ex: there is over-pumping negatively affecting infrastructure. Does the used technology hurt the industry?

A. *Egbert Wesselink:* The website of the Norwegian Min of Foreign Affairs mentions a report by Norwegian experts confirming that there are Sudan's oil industry suffers from serious technological shortcomings. The effective recuperation rate is 23% and Norwegian experts believe that this can be raised to 28-33%. That is quite considerable. However, it would require substantial new investments and hence an attractive investment climate. This can only be brought about through concerted efforts of both GoNU and GoSS. The solidity of their decisions and future relationship will determine the outcome.

Q. How can we influence operations of companies, in order to make them enhance their standards?

A. *Egbert Wesselink:* The Government should introduce and enforce adequate regulation. One warning, oil contracts have stabilization clauses that say that the costs of new regulation are to be paid by the government. These clauses can serve as an impediment for countries to develop environmental and social regulations.

2.2 GoSS Petroleum Policy

H.E. Arkangelo Oler Okwang, Director-General for Petroleum, GoSS Ministry of Energy and Mining

"All companies can continue working regardless of the outcome of the referendum. But they will have to follow the best international practices. Let us cooperate in order to all benefit from our petroleum resources."

The CPA guaranteed oil revenue sharing between the Khartoum and Juba governments. Article 5 item 5.3

determines that the Southern Government South shall obtain 50% of the revenues from the production of Southern Sudan, both from sales at local refineries and the remaining exported crude, all at the same international price.

- Many issues within the sector were not properly addressed, including revenues and business generated from the refineries in the North.
- The Petroleum Policy that the GoSS is currently developing will prepare the GoSS for any scenario, whatever the outcome of the referendum.
- Sudan has thus far lacked an adequate petroleum policy, which has brought the type of mess that we are now in. The Ministry of Energy and Mining in Khartoum had no adequate policy to guide companies. Licensing was at the disposal of whoever was in power and has not been fair or competitive. Sudan needs an open licensing policy.
- Lack of a policy has resulted in underperformance re the value chain. To create value in the oil sector, one needs ensure compliance with best practices. This requires a policy. The industry must work in accordance with known best practices. We are not against companies at all. These companies also operate in first world countries and these countries benefit more from their natural resources than we do because they have developed adequate policies. We want the same standards here.

The next round of post-referendum negotiations will involve guidance for oil companies. Relevant topics are:

- The role of producing States — they must have a role because they are responsible for the communities who can disrupt operations. These cannot be neglected. This will be different from war-time when exploitation was done forcefully, using displacement etc. This time best international practices in community engagement will prevail. We are working towards preparing local competence for monitoring companies.
- Stakeholders' involvement is crucial to avoid the resource curse. Broad public participation is required; and tangible benefits for local population.
- Environmental/agriculture/animal resources: the sector must be transparent. Oversight from Ministry of Wildlife, for example. Fits into the value chain issue. Companies have concession in wetlands. Under the Ramsar Convention, construction and destructive seismic activity there are not allowed in protected areas. Construction will therefore be prohibited in the wetlands. Vertical wells can allow for the necessary exploration, but not during exploitation, only safe-distanced horizontal well.
- The prevailing heavy levels of pollution are not going to be allowed under the new GoSS policy.
- Compensation of past injustices is important for the peaceful development of Southern Sudan. People were forcefully displaced, in violation of international law We must give a voice to these people.
- EITI would suit Sudan. The Nigerian example shows its great value.

- Petroleum resources, according to our policy, belong to the people of S. Sudan. The government is allowed to manage resources only on behalf of the people.

Q & A:

Q. H.E. Robert Ladu Luki, Chairperson of Southern Sudan Land Commission:

In the event of Southern secession, we will check on oil companies in terms of environmental impact and revisit existing contracts in that light. Displacement & compensation are important issues in Western Upper Nile. According to the Land Act, compensation should not be done in cash on an individual basis, but development oriented on a community basis. In event of unity, these issues will most likely not be tackled.

Q. Rev. James Ninrew:

Regarding the 2% for oil producing States: The community view from W. Upper Nile is that this 2% was supposed to develop the region and to address issues of concern within the community. To their surprise, it ended up as a blank check to the State authorities, to be used for their own purposes. There has been no follow up from the GoSS on how that money was spent.

Q. Mr. Joseph Jamus, NPA: In event of southern secession, is the GoSS going to apply for EITI membership?

A. H.E. Arkangelo Okwang: The GoSS has the intention to join EITI. We need to educate some of our Ministers. Some are in favour, others opposed. The latter asks why we need to be involved if the US and the UK themselves are not? My answer to them is that a healthy man does not need a doctor, but a sick man does. It will be beneficial for Southern Sudan to have transparent policies. *“Managing expectations is not an easy job.”* Communities have high expectations when companies come in and sometimes demands too much. Everyone wants to benefit. It's important that the Government informs our people in detail about the oil sector.

Q. H.E. Angelina Teny, former GoNU State Minister for Energy and Mining: The CPA states that natural resources management is a national competence, and the GoNU MEM was responsible, under leadership of the National Petroleum Commission, that was to create a policy for the sector. This totally excluded the GoSS from any say. The NCP even objected to the creation of the GoSS MEM itself. To date there has only been a small capacity building programme in the South.

The issue of the environment. It is not true that contracts have not been reviewed. They have been reviewed. The SPLM formed a committee that investigated the environmental impact of oil exploitation. Another study was conducted by UNEP before 2005. It is important to revisit these reports and see what has been done with their conclusions.

With regards to land usage. The Sudanese government has not invested in informing the people. Land has been given to companies without consulting the communities. The Petroleum Act is very weak. There is a national petroleum policy, yes, but it needs to be revisited and made stronger. The policies on different issues (land, environment, etc.) need to be carefully harmonized.

A. H.E. Arkangelo Oler Okwang: The CPA prohibits revisiting of contracts but it does not prevent us from having policies. But actually there *is* no real national petroleum policy. The GoSS was excluded from management of the sector. 5% of all revenues are allocated to the GoNU to manage the oil sector while the GoSS has received no funding. That 5% is not mentioned in any agreement, not in the CPA, not in the interim constitutions. It was arbitrarily taken from the to-be-shared revenues. The GoSS ought to have had a part of it. *“We do not have the resources to participate in monitoring of the sector.”*

3. Community Concerns

3.1 Community Concerns in Unity State

Rev. James Koung Ninrew, Executive Director Assistance Mission for Africa (AMA)

“We have a high chance now to stop the past and current problems by correcting ill intentions and bad practices in the oil areas.”

Oil exploration in Unity State (Western Upper Nile) dates back from the 1970s when Chevron started exploration. The communities were not well informed about the exploration process, how the exploitation would move ahead or how they would be compensated. Chevron closed its operations in 1983, and the people understood well that *“oil was one of the reason of the war.”*

Oil production started during the war. The local people were victims of the industry as the companies came in together with the army, under the protection of Northern security agencies and the area was violently cleared. The companies never helped the people or compensated them properly. The people of Unity State were abused by the companies.

The concept of compensation is a key element of Nuer culture. It enters into all relations, starting with marriage, and is involved in addressing grievances or crimes. The CPA established the right to compensation for any community whose rights have been violated by oil activities, but nothing has been done in terms of compensation.

The current issues for the communities in Unity State are:

- Water is being diverted by the elevated oil roads, causing permanent damage and affecting livelihoods.
- Labour is imported from Khartoum. *“Even our local youth who are educated are not employed.”* This employment policy is a wrong policy, a colonial policy. This must change. Experts can come from outside, but gatemen, drivers etc., should not be coming from Khartoum.
- The Sudd wetlands are vulnerable to environmental degradation.
- The 2% that was supposed to go to the Unity State communities is going to the Governor, a government wing. The community is the third stakeholder, but the community is getting nothing promised to them in the CPA. *“We are not happy that our own government is not even looking after its people, we are blaming the north but our own government in the south is not even looking after us.”*

Recommendations:

- ✓ Compensation of victims is needed for continued peaceful operation of the oil industry

- ✓ Employment policies need revision and should consider the interests of the local community
- ✓ There is a need for capacity building of the local community in terms of education by offering scholarships
- ✓ Management and allocation of the 2% should involve the community to decide what needs to be done with the funds and should not be left to the government alone to handle.
- ✓ Business and contract awarding needs to consider the local business men and women and as well the contractors.

3.2 Community Concerns in Upper Nile State

Hon. Akot Dau, SSLA Melut County

Hon. Dau in this presentation represents the communities of the oil-rich Melut Basin. This area was surveyed by Khartoum government and Petrodar (PDO). The communities here are suffering a lot from

- Environmental damage,
- Unclear compensation policies,
- Labour force issues similar to Unity state,
- Lack of development.

The companies are neglecting cultural traditions of the communities, like digging up graves, surveying in indigenous areas and a pipeline running along inhabited areas. No compensation has been received. The question of compensation will soon not be in the “shadow” of the north but under surveillance of an independent Southern Sudan.

Q & A:

Q. *Hon. Rev. Mathew Mathiang Deang, Member of the SSLA, Chair of the SSLA Peace Committee, from Unity State:* With the referendum coming, the oil companies’ northern work force is running away from the oil fields. We went to the Unity wells, we met with company leadership, with the labourers. They want to run away. It is a big concern, also in Paloich, where the high-level meeting going on now is concerned with this. Company employees fear for their security during and after the referendum and want to leave. They say their lives are more important than money. If they are going to leave, oil production will cease. This is not in the interest of the GoSS or GoNU. This issue needs to be looked into, because if the South wanted to take over now, it doesn’t have the experience, so the current work force needs to stay on for the moment.

Re: compensation, the Talisman case was overturned so they want to continue seeking compensation through the government.

Rev. James Ninrew: a “mix” of employees would be preferable, and bringing in outside experts until southern technical expertise is developed will be necessary.

Q. *Prof. Asim El-Moghraby:* The presentations were biased. The GoSS is also to blame. In the oil-rich areas, the companies are expected to take the role of the government. The problem is identical in the North and South; the Misseriya in al Fula are also not being employed. In Northern Sudan, the GoNU is to blame, but in the South, the GoSS should be doing more to press for compensation and to bring development, instead of only complaining that companies are not doing enough.

A. *Rev. James Ninrew:* Communities blame both the government and the oil company.

Q. *Mr. Julius Uma,* Sudan Tribune journalist: the GoSS Ministry of Energy recently announced plans

to build 3 refineries in the south. Were issues of compensation for communities in the areas where refineries will be built, addressed or planned for? What about the Warrap refinery, is that already being constructed? And is there evidence of the Unity State Governor “pocketing the 2%”?

A. *Rev. James Ninrew:* I didn’t say the Governor is pocketing the money, but that it is disappearing somewhere along the way, and not reaching the communities – without specifying who or what is the “somewhere.”

Q. What about civil society? Has there been any attempt by civil society based in Juba to push government and companies on compensation?

A. *Rev. James Ninrew:* Civil society is still young in Southern Sudan. Rules of engagement for civil society and the companies are not defined.

4. Company-Community Relations in Oil Producing Areas

Dr. Leben Moro, Assistant Professor Centre for Peace and Development Studies, Juba University

Dr. Moro conducted research in Pariang County in 2006 and 2010. In 2006, people were reluctant to share information on oil issues, but the situation has improved since and there is more information available at present. The present research is based on a recently conducted survey in the same region that consisted essentially of interviews with members of the local population. Unfortunately, access to the oil companies remains limited.

People in Pariang county say “the days of Chevron were better than the days now.” Some people would like to have Chevron back as for Chevron’s relations with the community were generally good. Chevron stopped its activities in 1984 and sold its assets in 1992. Violence during the war (1983-2005) led to mass displacement. During the CPA era there has been a rapid increase in oil activities, causing serious

disruptions to local means of livelihoods—particularly uncompensated land appropriations and environmental pollution. Local needs for development have not been adequately dealt with by companies, sparking demonstrations by local people who are very angry. Under pressure, oil companies have become more responsive to local demands for compensation. However, the way compensation is dealt with is increasingly becoming a source of disagreements between local people and their leaders.

Pariang county has 585,801 inhabitants. It borders Southern Kordofan state in the north. The Misseriya seasonally migrates through the area, causing problems with the local community and SPLA in the past. Some people call it the “second Abyei.” Local communities in Pariang complain about negative impacts of oil development: animals dying, “strange illnesses” that they attribute to oil production, no development impact. Demonstrations have occurred against oil activities, mostly between 2006 and 2009.

⁵ Those arrested are mostly people who collaborate with the Payam administrators. They are mostly youth, who are the activists, blocking trucks, complaining about employment etc. sometimes administrators are arrested for not working to ‘make their people behave well’.

⁶ The High Committee decides which percentage goes to the County Development Committee, which uses the money to create schools and clinics all over county where there’s a need. A certain percentage goes to individuals who are directly affected (ex. if a house is destroyed). If people are required to move, compensation is determined by the size of their field.

They caused oil production to halt briefly. Some people have been arrested for these demonstrations.⁵ Local authorities insist that local grievances be directed at local High Committee,⁶ which is tasked with oil issues, especially compensation matters. Increasingly, however, the High Committee is seen as part of the problem and oil companies are more willing to meet compensation demands directly. Anger is increasingly being directed to local leaders, turning the company-population conflict inwards, into a population-leadership conflict.

In some cases the local communities have obtained benefits by challenging oil companies. For example, the companies have shown responsiveness to demands for compensation and for a 60 km. road connecting Pariang to JanJieng. In addition, some employment opportunities have been created and promises were made for more job opportunities. In

these cases, community demands were quietly condoned by the local authorities, but in other cases when they are not condoned, demonstrators may be briefly jailed.

The dynamics between companies-communities-local authorities are unhealthy and conflict prone. They must be urgently revised.

Recommendations:

- ✓ Government authorities should put more efforts into addressing local concerns.
- ✓ Compensation schemes should be better organized and fully transparent.
- ✓ Involvement by Civil Society Organizations should be encouraged to follow up compensation issues as a way of providing assurances to local people.
- ✓ Punitive measures against demonstrators are raising anger against local leaders.

5. The Right to Compensation Post-CPA

Kathelijne Schenkel, Programme Officer European Coalition on Oil in Sudan

Article 4 (5) of the Comprehensive Peace Agreement (CPA) and Article 208 (5) of the country's Interim National Constitution establish a material right to compensation for past injustices as a result of oil exploitation:

"Persons whose rights have been violated by oil contracts are entitled to compensation. On the establishment of these violations through due legal process the Parties to the oil contracts shall be liable to compensate the affected persons to the extent of the damage caused."

The parties to these contracts, those who should be paying compensation, are the Government of Sudan and oil companies. Unfortunately, no procedure has been established to implement this CPA clause and no adequate compensation has been received. Now that the CPA period is coming to its close, the right to compensation needs safeguarding. The onus lies on the home governments of the oil companies - Austria, Canada, China, Malaysia and Sweden. They are supporting the implementation of the CPA, ignored their duty to prevent human rights violations in Sudan at the time, and should now take initiatives to ensure compensation for the victims of the oil wars.

In addition, the SPLM has a duty to confirm the right to compensation and safeguard it at the negotiations for post-Referendum arrangements.

Recommendations:

- ✓ The right to compensation must be safeguarded post-CPA
- ✓ The home governments of the oil companies - Austria, Canada, China, Malaysia and Sweden - should now take initiatives to ensure compensation for the victims of the oil wars.

6. Managing Natural Resource Revenues after the Referendum

Dana Wilkins, Global Witness

The case for financial transparency and accountability in the oil sector for *all* involved parties:

- **Governments:** By fighting corruption and embezzlement, transparency helps increase government revenues. Example: when it adopted increased transparency measures, Nigeria found it was owed \$1 billion from oil companies operating in the country. Transparency also helps countries to become attractive for investors, and to prevent mismanagement and diversion of funds.
- **Companies:** Financial transparency provides a protection for allegations of complicity in corruption or missing revenues. It also provides a more level playing field between companies, rewarding the most competent companies.
- **Citizens:** Citizens have a right to know that their resources are being properly and fairly managed, to see where and how revenues are benefitting them through development, etc.
- **Post-conflict contexts:** Financial transparency and accountability can foster better working relations in society by reducing mistrust. For example: the SPLM's temporary pullout of the CPA's power-sharing agreement in 2007 was due to mistrust over lack of financial transparency and accountability from the NCP. It is currently impossible to verify that oil resources from southern extraction are being managed properly or shared fairly. Increased transparency would undoubtedly be beneficial in the Sudan case

What publication of data should look like:

- **Double Disclosure:** the regular publication by both the government and the companies of production and revenue statistics. Companies must publish statistics on revenues given to the government. The government must disclose what revenues they have received. An independent audit can then compare and evaluate.
- **All oil sector contracts must be made publicly available** in order to determine all of the pieces of "the revenue equation."
- **Dissemination of info to a wide audience** in a publicly accessible, comprehensive, timely manner. E.g. publication on relevant government websites, advertisements in monthly newspapers, radio programs et. There is a great deal governments can do to get this information out publicly and hence reduce popular mistrust or misunderstanding.

Why Auditing is so important:

- It ensures that the industry is managed fairly and revenues are distributed legally

- Accountability towards civil society is critical to ensure responsible management of resources. This result is contingent upon freedom of expression, technical capacity of CSOs, and active monitoring by CSOs.

EITI: government and company must publicly disclose information, and civil society must act as a public watchdog for the process.

- It would be extremely difficult for Sudan to sign up for EITI now because of restrictions on freedom of expression of civil society in the north.
- However; there is potential for EITI as all of the foreign companies producing in Sudan are on board with EITI in other countries.
- Both the government and civil society would need to develop capacity because the benchmarks are rigid.

Conclusions/Recommendations:

- ✓ To ensure peace and stability after the referendum it is needed to implement the double disclosure data reporting system, in addition to regular audits, including the retrospective audit already agreed to,
- ✓ "Glass box" system to enable all stakeholders to know exactly how revenues are being managed,
- ✓ Civil society participation should be bolstered in the oil sector in South Sudan; donor money should go to this effort,
- ✓ South Sudan should strive for robust transparency and accountability in its new petroleum legislation,
- ✓ South Sudan should immediately apply for EITI and strive to sign up in the case of independence.

7. Security & Human Rights

7.1 Current security issues and recommendations for the future

Philip Aguer, Lecturer Juba University

From the start of oil exploration in Unity State, in 1978, the security of the oil companies was provided by the Sudan government. No major insecurity incidents occurred up to almost mid-1980s and the security of the oil companies was provided by a private company known as “Sam’s Mother” (to be confirmed) and later on handed to the Sudan Police in 1982.

Sudan’s oil industry developed as part of the war. The industry was secured by the Government in areas that were not first under Government control and fighting over the oil fields caused huge suffering for the population.

After the signing of the CPA, the oil industry was to become secured jointly by the North and the South. At present the security arrangements in Unity State are headed through the security advisor to the Governor, but in fact the security arrangements are unclear, unstructured, inadequate, and in urgent need of reform.

Recommendations:

- √ An integrated security approach at all the operational and political levels is needed in the entire oil industry, to begin with the establishment of a body that will exercise full authority over security matters and agencies. This body will need to closely coordinate its work with local authorities and communities.
- √ The oil security body should be commissioned by the GoSS to adopt a broad ‘human security’ concept, that acknowledges the security dimension of environmental, economics, social and political impact of oil operations. A disaster management plan should also be put in place.
- √ Formation of a body to address human rights violations in the oil producing areas by the civil society organizations and the churches with membership of the traditional leadership in the oil areas with membership of law enforcement agency, oil contractors and with a clear procedures of communication with employees and community in the oil area and all the stakeholders.
- √ Establishment of emergency response body in regards to oil industry with a clear structure, contacts in terms of telephone, email and name of the body and a focal contact staff in the field and in the headquarters, with trained team equipped to deal with a range of issues including “environmental protection services” and the ability to communicate with all stakeholders, including investors and communities during crisis.

- √ The SPLA and SAF must move quickly to institutionalize a security arrangement for the oil fields before and after the referendum, based on the outcomes of the Paloich meeting on December 6.

7.2 The Voluntary Principles on Security and Human Rights

Egbert G.Ch. Wesselink

- It’s astonishing to see that Sudan’s one and only billion dollar industry is depending on improvised and ineffective security arrangements.
- Inadequate security arrangements can have severe financial implications. Countries like Nigeria, Colombia, Papua New Guinea, and Peru all offer examples of the huge financial losses that companies and governments may suffer as a result of security arrangements that do not take the rights and interests of the population at heart. Worse than the financial costs is the human suffering caused by these failures.
- To manage this type of risk, a group of 18 of largest the world’s largest listed oil and mining companies have adopted guidelines for an inclusive security concept that takes the interests of local populations into account and ensures respect for their human rights.
- These companies acknowledge that they needed government and civil society to assist them in this effort.
- 7 countries are supporting these principles — US, UK, Canada, The Netherlands, Switzerland, Columbia, and Norway. A strong group of NGO’s including Amnesty International, Human Rights Watch, IKV Pax Christi, International Alert, and Oxfam America have joined the initiative.
- The Voluntary Principles are integrated in the performance criteria of the IMF and in the Equator Principles, which is signed by a majority of the world’s leading private banks.
- The Voluntary Principles offer an attractive model for the GoSS. they would help building a social support basis for the industry, create trust among the international financial markets, and show that the GoSS is serious about introducing international best practices in the oil industry.

7.3 The December 2010 Paloich Agreement

*Hon. Gatkuoth Duop Kuich, chairman SOSHI and SSLA member, and
Alsir Sidahmed, journalist who was in Paloich yesterday*

GoSS and GoNU signed an agreement in Paloich on December 6, pledging to work together to guarantee security of oil fields from now until February 15, when the results of the referendum will be announced. And from there, the second period until July 9, there will be further arrangements made, likewise after July 9, depending on the outcome of the January vote. Commitments were also made by both the GoSS and GoNU to invest in economic development of the oil

areas in order to quell popular dissatisfaction. Vice-Presidents Ali Osman Taha and Riek Machar Teny attended the meeting together with the Ministers of Energy and Mining, and Defence of both governments. A communiqué was signed committing GoSS and GoNU to ensure adequate deployment of Joint Integrated Units, Southern Sudan Police Forces, and national security agencies in and around oil fields.

8. Land Rights and Oil Exploitation in Southern Sudan

8.1 Sudan Land Legislation

H.E. Robert Ladu Luki, Chairperson of Southern Sudan Land Commission and Member of the National Liberation Council

According to the Land Act (2009), local people must be consulted from day one and informed about the plans before investment can take place.⁷ The Land Act provides for the establishment of land administrative bodies at the county and *payam* levels, called Authority and Councils respectively. They draw membership from the traditional authority-chiefs, civil society groups, and women representation. Before any investment can be made, the partners must meet with the County Land Authority, and civil society can bring issues to this authority.

We have stepped into the shoes of a system that was belligerent, that fought us for so many decades, in which oil was used to boost Khartoum's arsenal. That's why it is necessary to revisit the oil contracts. We have to look at the letter and the spirit of these contracts. People have to be included, chiefs cannot just give away land. These agreements have to go through the government, the people cannot make these choices without the state; this is for the protection of the peoples' rights. Oil revenue should be used for socio-economic development, addressing basic human rights i.e. food, water and shelter-minimum standard. Communities should be consulted, with state oversight and accountability.

In all the land laws, a clear percentage that fixes the fee to be paid to the land owner has to be written into the law. From these fees, a certain percentage will have to go to the government, some to the state.

Regarding pipelines; people in the areas where the pipeline cuts through will have to be compensated.

8.2 Oil induced changes in land use patterns in the Melut area

Peter Hakim Justin, SCC Programme Manager 'Oil and Peace in Sudan' and Daud Gideon Ali, IKV Pax Christi Programme Manager Upper Nile State

Melut and Maban Counties in Upper Nile State are part of a flat plain with seasonal stream. The climate is hot and swampy in the rainy season (June-October). The main ethnic groups are Dinka in Melut and Maban in Maban and their livelihood style is agro-pastoral - herding, cultivation, and fishing- and their lifestyle is centred on these activities.

The two counties lie in Blocks 3 and 7 that are operated by Petrodar Operating Company Ltd (PDO). Exploration started in 1981 by Chevron in Adar Yale but was suspended in '84 due to the war. Oil production started in 1997 with 5,000 b/d that was trucked to Melut town and from there by truck transported onwards to the north by road before pipeline was built. In 2003, CNPC announced its discovery of oil reserve of more than 3 billion barrels and recoverable of 461 barrels in block 3 and 7. Since the signing of the CPA, an additional 100 new wells were drilled in the area. This year, production reached 284, 200 b/d. Sudapet and the GoNU Ministry of Energy and Mining are responsible for the

⁷ In the process of creating the Land Act, extensive consultation with local communities was done and diverse inputs collected on the draft law.

management of the petroleum sector. Operating companies report directly them. While Northern Upper Nile is the richest oil area in the country now, it has remained very poor. Oil companies do not seem to care about the communities.

Several areas were cleansed from its population during the war in order to establish a buffer zone between the SPLA and the oil operations. When people came back later, many found that their home areas had been occupied by oil installations. Even graveyards have been removed for oil roads. Up to 172 villages were destroyed, and over 60,000 people displaced. Agricultural lands were used for roads, pipelines, oil wells, airports in relation to oil exploitation. The Khor Adar river was blocked by an oil road in 2004, causing downstream draught and upstream flooding and setting off competition for land. This is a serious potential for conflict.

In Paloich, production water is disposed outside the Petrodar facility with people staying just outside the water disposal site. Well drilling also affects the environment. The water around the well is affected and during the rainy season, contaminated water floods and gets mixed into the water used by communities.

Compensation isn't managed correctly; sometimes, people not from area are claiming the area is theirs

and get compensation from oil companies. Field research suggests that nobody has ever been compensated for damages incurred during the war period.

There are a lot of environmental changes and problems in the oil fields. Companies are not removing or cleaning up decommissioned wells. Transportation of chemicals is unsafe and chemical waste is not disposed of properly. People from Paloich claim that people have died after drinking contaminated water. However, solid facts that back-up these allegations are missing.

Recommendations:

- ✓ The compensation clause should be incorporated into the Post Referendum arrangements._
- ✓ GoNU, PDOC and GOSS - should work jointly to establish the magnitude of the damage and in consultation with the communities should come up with the most sustainable way to compensate those affected;
- ✓ With the expanding rates of Oil activities in the area, there is an urgent need that the Impact Assessment is carried out and its results be made public;
- ✓ PDOC should establish a relationship with the local communities for a smoother coexistence of the Oil Industry and the communities on the ground.

9. The Environment

9.1 Acute environmental issues in Sudan's oil sector and how to deal with them

Prof. Asim El-Moghraby, Emeritus Professor of Ecology, Sudanese Environmental Conservation Society

All of the oil in Sudan is in one of the three main wetlands, putting even the Sudd – Africa's largest wetland, 60,000 km², at risk. Some of the most serious environmental problems that have emerged as Sudan's oil industry has developed are:

- The hydrological disturbances and deforestation as a result of road construction.
- Thousands of abandoned drilling pits that have not been cleaned-up or rehabilitated.
- No decent chemical and domestic waste management.
- Inadequate treatment of produced water. More than 1x10⁶ barrels of water are produced every day at Heglig CPF alone. Produced water contains a vast array of substances that include: salts; minerals, dissolved and insoluble hydrocarbons, heavy metals

such as arsenic, cadmium, mercury, and lead, aromatics, phenols, cyanide and other chemicals.

- They are no Master Plans for socio- economic development of the concession areas.

Sudan's oil industry is systematically violating a number of Sudanese laws concerning Forestry, Range and Pasture, Fisheries, Irrigation, Roads and Bridges, Wildlife and Health. It is also systematically violating international agreements, including the Ramsar Convention, the Kyoto Protocol, and CITES. The Government has failed to develop norms and standards. Overall, neither the Government, nor the oil companies operating in Sudan have a real commitment to the environment. In combination with the absence of monitoring mechanisms and weak local institutions, this is catastrophic. Civil society is lacking the capacity to serve as a true counterforce.

On the other hand, oil companies have become more open over the past few years. Some procedures have been improved and room for constructive dialogue has been created.

Recommendations:

- ✓ Transparency and accountability can only be

augmented by a participatory approach on the part of the Ministry of Energy and Mining as well as the operating companies.

- √ The legacy of past ‘scorched earth policies’ and ‘forced resettlement’ need to be dealt with.
- √ Sudan is in urgent need of an internationally certified central reference laboratory.
- √ The industry needs to establish a central waste management facility.
- √ A Petroleum Commission, as stipulated by the CPA, needs to be established in order to coordinate the policies of all concerned ministries and departments towards an open door policy and a consultative approach.
- √ The government should enforce laws that ensure that the highest international standards are respected by the oil companies, including respect for local traditions and systems of governance, upholding of international environmental standards and best practices, and abiding by international labour laws
- √ Oil will run out soon: We should use this money to strengthen our infra structure and sustainable production systems as well as to bring about social integration and stability.
- √ GoSS could carry out a full-fledged environmental and social audit
- √ The SEA and Audit documents are to be approved by Parliament, this will take this pivotal issue to higher levels of transparency and accountability as well as ensuring public consultation and civil society engagement.

Discussion:

Philip Winter: In 1976, an aerial survey estimated there were 166,000 elephants in Sudan. In 1991, the African Elephant Conservation Group Survival Plan estimated only 7,000 to 8,000 elephants to be remaining. Now a new aerial survey is being done by WCS, estimated that there are only 5,000 to 6,000 elephants left in South Sudan. The majority of the remaining elephants are left in the Sudd, their last refuge. If oil development is not controlled, Southern Sudan will lose its elephants. The problems with the bridge in Rubkona destroying other marsh are a bad sign of what could happen. In general, wildlife is suffering heavily from unplanned, unchecked, uncontrolled, poorly thought out oil development.

To many people, the damage of the oil is greater than the benefit. If you ask them, they say they’d like it to be shut down because they do not see the benefit.

9.2 GoSS Environmental Protection Bill, 2010

Victor Wurda LoTombe, Dir. General, Environmental Affairs, GoSS Ministry of Environment

Environmental law in Southern Sudan is currently governed by transitional decree; Environmental Protection Ordinance, 2001 (GoNU law).

- The GoSS Environmental Protection Bill is ready for presentation to the GoSS Council of Ministers.

Public Consultation was held September 15 & 16, 2010, over 100 in attendance

- Drafting of the bill:
 - Drafted by a committee of subject matter experts in wildlife, petroleum, forestry, water, law, local government
 - Early drafts were circulated to oil industry and their comments considered
 - The bill follows international best practices and considered the example of: Kenya, Uganda, Tanzania, Swaziland, Ghana, Canada, and Sudan.
- The Environment Protection Bill is a Framework Bill. It:
 - Deals with all matters concerned with the Environment in Southern Sudan
 - Promotes the wise use, development, conservation and recuperation of its natural & environmental resources, ecosystem services & biological diversity
 - Integrates environmental considerations into development policies, plans, programs, and projects at the community, government & private sector levels
 - Promotes effective, widespread, public participation in the consideration and incorporation of environmental considerations into development activities
 - Contributes to the resolution and management of conflicts related to the use of natural resources & the environment
 - The Bill provides for the establishment & governance of the Southern Sudan Environmental Management Authority (“SSEMA”)

Recommendations:

- √ Minister of Energy & Mining to be on Southern Sudan Environmental Management Authority Council (“SSEMA”)
- √ Carrying out EIAs/EISs
- √ Standards for subsonic vibrations
- √ Guidelines for use of bodies of water & wetlands including beds and banks
- √ Pollution control
- √ Prohibition of Discharge & spiller’s liability
- √ Pollution licenses
- √ Waste Management
- √ Environmental Restoration Orders

Q & A:

Q. *H.E. Robert Ladu Luki, Chair of Southern Sudan Land Commission:* Cited water issues as a problem. “From the signing of the CPA we’ve been working on policies, institutions, regulations but we have not made much progress. We have a problem of enforcement. What is the Ministry of Environment trying to remedy in order for us to manage water resources effectively?”

Q. *H.E. Angelina Teny:* Issue of oil roads. If you speak with communities, they say, even though the cost was high, the roads were worth it. Unity State, for example, is now one of the southern states best connected with itself internally. But these roads do create dykes. Prior approval from ministry is

required to build roads, but this has usually not been done.

The issue of produced water is one of the most serious challenges to the oil industry. There is a process in place to treat this water, but it's not been fully implemented and there is no adequate regulation of this issue; lower levels of government are lacking technical knowledge. The future GOSS petroleum policy should concern itself with standards. It is also vital to raise awareness at the lower levels of government, as they are the ones who will have to address these issue.

A. Arkangelo Okwang, Director General for Petroleum, GoSS MEM: It is important to include decommissioning of wells in the environmental act. A company must take on decommissioning as a process, not an end state. The companies are also flaring gas, in violation of the Kyoto Protocol. We will be working hand in hand with the companies; at every stage they must have a permit in order to comply with the required standards.

All stakeholders should be included in the county-level land commission councils: civil society groups, women, etc.

Social and Environmental Impact Assessments and Management Plans will be obligatory if foreign companies wants investment/oil exploration, there has to be a national group that works wt/ this group coming to carry impact assessment. We must insist on this.

ANNEX : LIST OF PARTICIPATING ORGANISATIONS

Representatives of the following organizations attended the Conference:

2011 South Sudan Taskforce
AGEH
Assessment and Evaluation Commission (AEC)
Assistance Mission for Africa (AMA)
Bonn International Center for Conversion (BICC)
BRSC
China National Petroleum Corporation (CNPC)
Collaborative for Peace
Dept. of Energy and Mining, Upper Nile State
Dutch Embassy
ECS/Bishop of Lainya
Enough Project
F24
Global Witness
GoSS Dir. Gen. Geological Survey
GoSS Ministry of Legal Affairs
GoSS Petroleum Unit
IKV Pax Christi
Independent Diplomat
Italian Campaign for Sudan
Jebel Associates
Joint Donor Team
Norwegian Consulate
Norwegian Peoples Aid
Open Society Initiative – Eastern Africa
Sudan Tribune
Public International Law & Policy Group (PILPG)
RFI
RIFE
Sudan Council of Churches (SCC)
SECS
Southern Sudan Land Commission
South Sudan Legislative Assembly (SSLA)
SSLA Unity State
SSLA Upper Nile State
Sudan National Assembly
Sudan Oil and Human Security Initiative (SOHSI)
Total S.A.
Unity Community Organization and Enlightenment Trust (UCOET)
UNDP
University of Wageningen
UNMIS
USAID
USIP
Veterans Security Services Ltd.
Wildlife Conservation Society - Southern Sudan
Program
Oil for Development Programme, Norway
Pact
Al Jazeera (English)