

Understanding Sudan

A Teaching and Learning Resource



Fact Sheet Fourteen: The Government of South Sudan Position Paper

Assume you are the Minister for Oil the Government of South Sudan. Your government is facing numerous political and economic challenges: the Comprehensive Peace Agreement (CPA) is not being fully implemented by the Government of Sudan; oil prices, your main source of revenue, have collapsed resulting in severe budgetary constraints. At the same time, one of the major oil companies, OVL, has pulled out of Block 5B due to some contractual disagreements.

As the Minister in charge of the oil portfolio, you are tasked to negotiate the best possible oil deal for the Government of South Sudan. Within the framework of the Government of National Unity (GNU), favorable deals for South Sudan may also be beneficial to the government of Sudan. As you craft your argument, it is advisable to pay careful attention to MOEP's contractual letter. Below are examples of factors to consider as you prepare and present your case.

- The people in the Muglad basin are your constituents. Are you convinced by MOEP's environmental and social assurances? If not, what type of assurances would you want? Importantly, what mechanisms would you propose for monitoring and enforcement of compliance with the terms and conditions agreed up?
- You will need to assess and argue whether the referendum and elections really constitute as serious a security threat as alleged by the oil companies. Using the information you have available to you, and further information from the computer if possible, argue that Sudan is today safer than it has been for many years, and in no way warrants such a contract in terms of security.

- The contract with GNOPC had an initial payment to the Government of Sudan – MOEP has offered no such payment. You should think about whether such a payment should be asked for – it would help your current financial situation – and whether it should go to the government of South Sudan, as the field is in the South, or to the Government of National Unity (both the Government of South Sudan and the Government of Sudan).
- You should consider whether you are happy that the infrastructure staff comes from France: should they come from the local area?
- You should think about what type of security arrangement should be in place at the oil site, remembering the history of 'oil security' laid out in the factsheets we have studied.
- Finally, think through critically how you might resolve the Ascom situation. If oil is discovered, for example, what would be your proposition on rate of production, revenue sharing and mechanisms for monitoring and enforcement of contractual agreement?

Good luck!