The governments of north and south Sudan must deliver on stated commitments to transparency in the oil sector in order to preserve peace and drive development, said Global Witness ahead of a new round of oil talks which start in Ethiopia tomorrow.

The two parties are set to restart negotiations on oil this weekend and it is critical that any new agreement to come out of the discussion be built on credible transparency mechanisms. A lack of transparency in the current deal has fuelled mistrust between the north and south since the Comprehensive Peace Agreement (CPA)brought an end to Sudan’s 22-year civil war in 2005. Suspicion that the north was cheating it out of due revenues was one of the primary reasons for the south’s temporary pull-out from the shared government in 2007. It is still impossible to tell if the current deal, a 50:50 split of southern oil revenues, has been implemented fairly.

The current deal ends in July as the south becomes an independent state. With more than 75% of the oil in the south but the pipelines, refineries, and port of export all in the north, the two sides must come to a new agreement on how to share oil revenues.

“If Sudan is to build a sustainable and peaceful future, it must learn the lessons of the past. This means the new oil deal must be built on effective transparency and accountability mechanisms from the outset,” said Global Witness campaigner Dana Wilkins. “Without transparency the new oil deal will set the stage for continued suspicion and disputes, and potentially even a return to conflict.”

Evidence exposed in Global Witness’ September 2009 report, [*Fuelling Mistrust*](http://www.globalwitness.org/library/fuelling-mistrust-need-transparency-sudans-oil-industry), and in its January 2011 report, [*Crude Calculations*](http://www.globalwitness.org/library/crude-calculations-continued-lack-transparency-over-oil-sudan), suggests that concerns over the management of the current deal are not unfounded. Discrepancies of between 9-26% were found between the oil production figures published by the government in the north and those published by CNPC, a Chinese state-owned oil company and the main operator in Sudan. Explanations given by the government and CNPC last year for why the government’s figures were significantly lower do not stand up to scrutiny and so far no further information has been published.

In order for Sudanese citizens to know how revenues are being spent and to build trust between the north and south, the new deal must set out rules that ensure complete transparency in the shared oil sector. Specifically, this means:

* Key information on sales and production figures, fees paid and received by governments and oil companies and exploration contracts must be published.
* The deal must include regular independent monitoring as a vital tool to ensure the deal is being implemented fairly and a way to build trust and confidence from both sides.
* An independent multi-stakeholder group with sufficient authority, resources, access and expertise must also be brought in to monitor the general functioning of the sector.
* Separately, there must be full audits, covering engineering, technical, and financial flows, conducted annually by a credible international firm.

“As the legitimate owners of Sudan’s natural resources, ordinary citizens must be able to see exactly how they are being managed, how much money is being generated, and what it is being spent on,” said Wilkins. “Both sides must make good on their commitments to a transparent deal, thereby making oil a driver for peace and development, not war.”

**Ends**

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