

OIL PRODUCTION IN SOUTH SUDAN: MAKING IT A BENEFIT FOR ALL

**BASELINE ASSESSMENT OF THE IMPACT
OF OIL PRODUCTION ON COMMUNITIES
IN UPPER NILE AND UNITY STATES**

FOREWORD

This summary report introduces three county-specific reports, the full version of which will be published later this year. Together, the reports represent a first step towards helping South Sudan residents who live near oil and gas infrastructure from ensuring they are not negatively impacted by that development. The critical next step is to further build understanding with host communities, their understanding of the nearby resource development and understanding by others of their interests and needs in the context of the development. In the four months since this report was prepared, South Sudan, the world's newest country, continues to suffer from conflict, in the capital as well as in rural areas where there is natural resource development.

To those people living and continuing to work in conflict areas of resource development, we are committed to supporting you in building a more secure and stable environment. Your input in the surveys we conducted and interest in and feedback on the baseline results make the report's base information both valuable and relevant. We look forward to supporting you as you validate findings and conclusions and engage other stakeholders in next steps.

The report contains challenging language; there are perceptions and findings that remain to be tested. We look forward to help the people of South Sudan and their civil society to test these challenges, together with government and companies themselves. Working together, to identify common goals and engage in an open and respectful manner, will not only help South Sudan improve the sharing of benefits of its oil and gas revenues but is also important to prevent any further escalation of tensions and conflict. The revenues and benefit sharing

potential is significant in South Sudan, with oil and gas revenues estimated at more than 80 percent of gross domestic product and more than 95 percent of South Sudan's budget.

Are there safety, environmental and reporting challenges associated with oil and gas development? It is certainly the perception of host communities that those challenges exist, and in several cases, are significant. In our view, the opportunities for engagement on mitigating the negative impacts, improving the management of related risks and maximizing benefits for all are clear. Certainly, clear opportunities are not simple to act on or even to discuss. Communities, companies and South Sudan's government, with new and evolving legislation, have to be willing to listen to one another, be respectful and identify common goals that they are motivated to achieve.

Sincerely,



Matthew Bliss
Director Extractives, Cordaid

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PARTNERS

This baseline assessment was done in collaboration with the following partners:

* UCOET is a South Sudanese NGO, which strives to bring change in communities through the support of local initiatives for development; behavior change through mobilization and enlightenment; provide skills through trainings; build peace through mediation and dialogue; and raise awareness through dissemination of information on basic rights of citizens.

* JPC – CDoM, Justice and Peace Commission is an institution of the Catholic Diocese of Malakal. It is inspired by the social teaching of the church as its guiding principle, promoting peace building and human rights. .

* UNYDA, Upper Nile Youth Development Association, is a local network of young women and men from Upper Nile State. UNYDA creates a space for youth in Upper Nile State who have been isolated and divided by decades of civil war to come together to engage them in development processes and build their capacity to strengthen their position.

* GADET-Pentagon; Generation Agency for Development and Transformation Pentagon is an NGO established by South Sudanese professionals to promote peace through conflict transformation, good governance, rule of law, human rights, youth and women empowerment through research, advocacy, skills trainings and capacity building.



EXECUTIVE SUMMARY

Oil production is the key factor in the development of South Sudan, since July 2011 the world's newest independent country. Yet in the past, oil production was linked with serious human rights abuses, such as forced displacement from oil fields, killings and arbitrary arrest.

Independence brought the opportunity to 'get it right', yet the challenges are enormous. The legal framework in South Sudan is evolving fast. The Government of South Sudan is keen to attract investment for the development of the country and has started to create a conducive environment for investments. But a lot of work still needs to be done to improve the legal framework for the protection of the environment and the interests of communities.

The outbreak of violence in South Sudan since mid-December 2013 and the fierce fighting in the oil-rich states of Upper Nile and Unity in particular has again shown how difficult it is for a population that has experienced war for decades to bring peace and development to their new nation.

Cordaid commissioned a qualitative baseline assessment in three counties of Upper Nile State and Unity State in April and May 2013 to gain a better understanding of the institutional context, the current stakeholder dynamics and the impact of oil production at the community level. Through a participatory approach the baseline assessment marks the beginning of Cordaid's long-term engagement with the communities and civil society organizations, as well as with the most relevant stakeholders such as the government and the oil companies. Cordaid and the partners associated in this assessment are convinced that a constructive and inclusive dialogue between communities, state institutions and oil companies is possible and urgently needed to prevent further social tensions and renewed conflict and to contribute to sustainable development in the oil-producing areas as well as in the nation as a whole.

The results of the assessment are clustered in five areas, namely: people's perception of the oil business; the benefits of oil production; the various impacts of oil production; mitigation and prevention of harm measures; and the current state of stakeholder engagement.

The perception of the communities in the three oil-producing counties is shaped by high expectations, lack of information, false information, bad experiences and fears. The people whom the team met in all three counties felt that the losses and problems caused by the oil business outweighs by far the benefits.

The assessment team found few benefits related to oil production. Access to employment in the oil companies is very limited and, being a highly capital-intensive industry, the oil

companies do not need many laborers. In addition, very little development has been realized with the oil-producing states' 2% share of revenue. The social infrastructure and services offered by the oil companies are limited and there is widespread dissatisfaction regarding their quality. The opportunities that come as positive side effects of the oil business are still very limited.

A constructive and inclusive dialogue between communities, state institutions and oil companies is possible and urgently needed to prevent further social tensions and renewed conflict and to contribute to sustainable development.

No comprehensive research is available on the environmental impact of the oil business. It seems very likely that toxic produced water, drilling muds, oil spills and chemicals have seriously polluted the environment in and around the oil fields.

Oil production pollutants are suspected by communities to have caused many new health problems, such as increased infertility in women, a higher number of miscarriages, and eye and skin problems. According to medical staff in Melut and Koch, a link between the pollution caused by oil production and some of these health problems cannot be excluded. Communities are not made fully aware of hazards associated with the production of oil.

A number of dynamics created by oil production have affected social relations in the counties. A very small number of people have managed to secure good jobs or business opportunities, or have had access to oil money and become richer as a result; the majority, however, have remained poor. Multiple conflicts concerning land, caused or exacerbated by oil business, have seriously damaged social relationships. There is evidence from all over the world of the devastating effects of corruption on social relations, and it is very likely that relations have already suffered in the counties as a result of corruption and lack of transparency. An attitude of 'waiting and expecting' has become common in young men, in particular in the bigger towns. This attitude is a serious obstacle to self-reliance and development in the counties.

Violence, displacement and destruction affected thousands of people who had to flee, or who lost their lives or their property. The result is traumatized and deeply disturbed families and individuals, impoverishment, and broken relationships within families, clans and villages. Victims of the violence and

displacement have not seen any form of compensation since the signing of the CPA, although there are provisions for this.

Oil production needs land, but access to land and land use is also the basis for the livelihood of the communities in Melut County. Land take for oil production has led to major risks for local people's livelihood and has badly affected crucial resources such as water and forests. At the same time, the existing potential in the counties for enhancing people's livelihood has not been tapped, because agricultural technology has remained relatively unchanged over the years and farmers do not have access to any kind of extension or support services.

The only mitigation measure the research team could identify as having been implemented over a certain period of time was the payment of compensation to affected families and communities. However, there are no documents available at the level of state or local government that show comprehensively who has been compensated for what. Moreover, communities were not involved in the design of the compensation system. Even today communities affected do not have a clear understanding of what the compensation is meant for. People had not been compensated for actual loss of land, and most compensation money received was used for direct consumption and not to restore or strengthen means of livelihood.

No instance of adequate compensation for relocation was found, and no transparent grievance mechanism exists which would allow problems to be resolved and damage to be repaired in a timely manner. The lack of a mechanism through which grievances could be expressed means communities are unable to make their voices heard in a constructive way.

Over the past two years the institutional and legal framework for the oil business has substantially improved in South Sudan. Therefore the chance to get things right is much higher now than before independence.

Our research shows that more than two years after independence there is nothing that could be regarded as a systematic stakeholder engagement process. Crucially, there is a lack of consultation with local communities and companies do not have a 'social license to operate'. The assessment team found a lot of frustration and a lack of commitment and seriousness among all key stakeholders; oil companies have no concept of engagement and see communities mainly as risk factors; the communities themselves are deeply disturbed by the years of

war and do not have the capacity to negotiate; local government structures in the counties are not settled yet and civil society is weak or virtually absent.

The good news is that over the past two years the institutional and legal framework for the oil business has substantially improved in South Sudan. Therefore the chance to get things right is much higher now than before independence. Nevertheless, the new laws and regulations need to be put into practice and many details sorted out. At the same time, new oil and mining projects are being considered, so there is no time to lose in addressing present deficiencies and redressing grievances from the past. Cordaid and its South Sudanese partners encourage stakeholders to start a meaningful engagement at all levels in order to prepare the way for a collective search for practical solutions. As a follow-up to this study, we would like to suggest six key recommendations for the forthcoming consultation process in the oil areas:

1. Start meaningful and constructive dialogue.
2. Evaluate and remedy damages, and redesign management plans for Health, Safety and Environment.
3. Design and implement appropriate compensation measures for losses and suffering during the war and CPA period.
4. Improve basic services and support community-based development initiatives in the oil-affected counties.
5. Start a consultation process and take steps to come to a community development agreement in new sites.
6. Create space for creative thinking on more inclusive and responsible oil and mining projects.

1. INTRODUCTION

1.1 Oil in South Sudan

South Sudan became a new independent nation in July 2011. Oil business is considered to be of key importance to the country's development. However, in the past, oil production has been linked with serious human rights abuses, such as forced displacement from oil fields, killings and arbitrary arrest. Some of the underlying causes for the recent outbreak of war in South Sudan (from mid-December 2013 onwards) are linked to the way oil revenues are managed and shared in South Sudan. As a result, some of the fiercest fighting took place in the oil-rich states of Unity, Upper Nile and Jonglei. Even though this report focuses on oil impacts and developments at community level and was mostly written *before* the recent fighting, we believe that the findings and recommendations are of great importance for reflection and action to achieve a more sustainable peace.

Onshore petroleum activities began in Sudan in 1975 when US oil giant Chevron was granted a large concession in several provinces of south-central Sudan. Chevron made major discoveries in Western Upper Nile and developed the oil fields "Heglig" (today in Southern Kordofan State/Sudan) and "Unity" (today in Unity State, South Sudan). The exploration activities of Chevron also covered areas in today's Upper Nile State.

The second civil war in Sudan, from 1983 to 2005, affected oil exploration and production, but oil was also a factor in the outbreak of the war and it exacerbated hostilities. By 1988 Chevron had ceased all its operations because of the growing insecurity due to the civil war. Under the rule of President Omar el-Bashir, who came to power in 1989, the link between oil production and civil war intensified and lasted until 2005, when peace negotiations between the Government of Sudan (GoS) and the Sudan People's Liberation Army / Movement (SPLA/M) successfully ended the north-south civil war.² In 1997, the Swedish oil company Lundin Oil AB formed a consortium with PETRONAS from Malaysia, OMV (Sudan) Exploration GmbH from Austria, and the Sudanese state-owned oil company SUDAPET; two years later the first oil discovery was made in what is today Unity State. Lundin's involvement in Sudan was tinged with controversy after it was accused of possible complicity in war crimes and crimes against humanity.³ After the pull-out of Lundin and OMV, Chinese and Malaysian companies formed consortia with SUDAPET; these consortia took over the existing oil facilities in the late 1990s and continued exploration in other areas.

In March 1997, Greater Nile Petroleum Operating Company (GNPOC) began to build a 1,540km oil pipeline from the oil fields to a marine export terminal on the Red Sea. In 1999, the pipeline began delivery. From 2006 the Thar Jath oil field in Block 5A south of Bentiu in Koch County, began exporting through the GNPOC pipeline. In Melut, where Chevron had operated some seismic exploration activities, it was not until

1997 that production was started, by the consortium Petrodar Operation Company, also composed of Chinese and Malaysian companies. A pipeline from Adar Yale oil field through Paloch and the Central Processing Facility in Al Jabalayn (Sudan) to Port Sudan was constructed between 2004 and 2006. The first oil was transported through the pipeline in 2006.⁴ The country's crude oil production almost doubled, making it Africa's fifth-largest producer, with more than 434,000 barrels per day (bpd) by late 2006. Oil production peaked at an average of almost 500,000 bpd in 2007, before falling back somewhat in 2008/09.⁵

The signing of the Comprehensive Peace Agreement (CPA) in January 2005 improved conditions for oil production and export. After independence in July 2011 new consortia (operating companies) were formed for the oil production and further exploration. South Sudan created NILEPET to replace SUDAPET in the consortia. With DPOC in Upper Nile State and SPOC and GPOC in Unity State, currently there are three oil operating companies in South Sudan.⁶

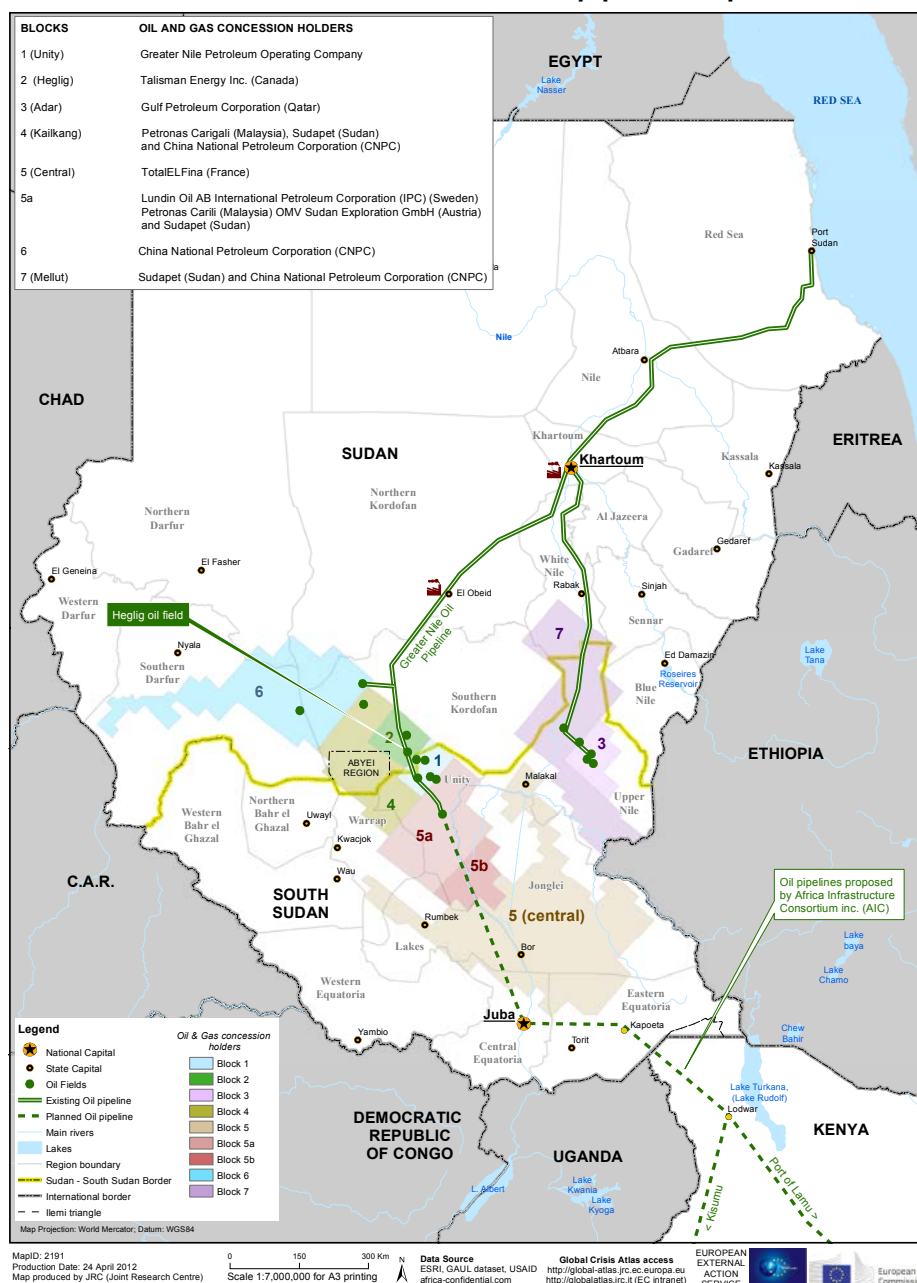
Independence brought the opportunity to 'get it right'. Yet the difficulties are great and the window of opportunity to get it right is small.

Tensions between South Sudan and Sudan rose after independence over a series of unresolved issues including South Sudan's use of Sudan's oil infrastructure to export its crude. "Once Sudan began seizing southern oil as compensation, the south stopped producing; for more than one year no oil was produced in the South. In August 2012, the sides agreed to pipeline fees near \$10, plus a \$3 billion one-off payment to Sudan. South Sudan resumed production in April 2013. Before the shutdown, South Sudan produced 350,000 bpd."⁷ Production resumed in April 2013, and in the following month it was 160,000 bpd. Then, because of the threat of the GoS to shut off the pipeline in July 2013, production declined again in August. By September 2013 production had reached 240,000 bpd, the highest level since its resumption. According to South Sudan's petroleum ministry, "170,000 bpd of the total of 240,000 bpd, came from fields in Upper Nile State."⁸

South Sudan is heavily dependent on oil. Until the shutdown in 2012, oil revenues represented 82% of the country's gross domestic product (GDP) and 98% of government revenues.

Since South Sudan is now an independent nation, local communities now have high expectations. They expect their governments at local, state and national level to quickly

Sudan and South Sudan Oil pipeline Map



provide services and infrastructure that previously never existed. They also expect the oil companies to provide employment and services directly. But little was done during the CPA period or since independence. The oil shutdown in January 2012 paralyzed the government and oil companies, and brought the latter's relations with communities, already of a very limited nature, to a complete standstill. With no systematic community dialogue process in place, people in the oil-producing areas are becoming deeply frustrated.

Independence brought the opportunity to 'get it right'. Yet the difficulties are great and the window of opportunity to get it right is small. Even with a steady flow of oil and a stable income through oil revenues it will be a huge challenge to bring about development and peace to the new nation of South Sudan. This report is intended as a contribution to creating positive change, particularly at the community level.

1.2 Cordaid in South Sudan

Cordaid has supported a broad range of civil society initiatives in South Sudan since the end of the 1980s. Focusing on civil society capacity-strengthening but also engaging (local) government actors, Cordaid has been particularly active in the areas of health, disaster risk reduction and response, food security, entrepreneurship, women's leadership, security and justice, and extractives. The Cordaid program on extractives started in 2011 and supports communities and civil society organizations (CSOs) to become better-informed and stronger partners in a constructive dialogue with government and oil companies. Cordaid is currently supporting a number of projects aimed at community empowerment and at strengthening the organizational and thematic capacity of CSOs. The extractives program specifically intends to scale up its presence and activities in the oil-producing areas of Upper Nile and Unity and, in future, also Jonglei.⁹

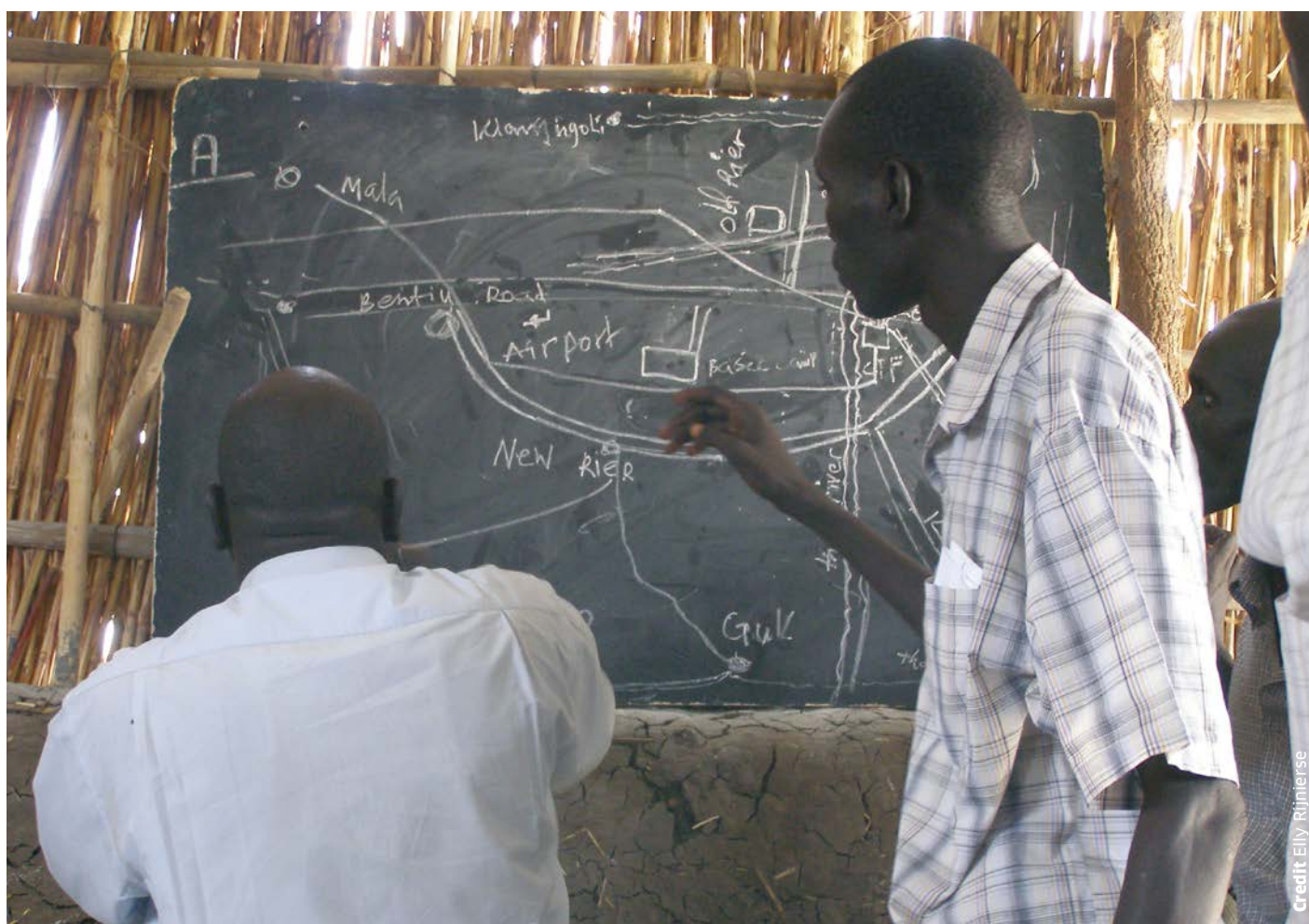
2. METHODOLOGY OF THE BASELINE ASSESSMENT

In line with its overall objective of building flourishing local communities, also in oil-producing areas, Cordaid commissioned a qualitative baseline assessment in Upper Nile State and Unity State in April–May 2013. Through a participatory approach the baseline assessment marks the beginning of Cordaid’s long-term engagement with the communities and CSOs, as well as with the most relevant stakeholders, in particular the government and oil companies.

The overall goal of the assessment was to gain a better understanding of the institutional context, the current stakeholder dynamics and impact of oil production over the past decades at the community level in selected counties in Upper Nile and Unity states, as well as expectations and future programming options. The focus was particularly on the oil-rich counties of Melut (Upper Nile) as well as Rubkona and Koch (Unity). The assessment aims to provide a credible base for discussion and future collaboration among the stakeholders.

The research and assessment process was highly participatory, executed by a collaborative research team, comprising Cordaid staff and civil society partners. Instead of hiring a team of external experts, Cordaid specifically opted for this collaborative, albeit challenging, research approach, as it allowed the staff of partner organizations to learn in the field and to bring in valuable experiences and knowledge so as to create synergy and nurture relationships.

The assessment was preceded by a short practical training workshop in Malakal during which the team members shared know-how and experiences and defined together the research topics to be explored. On the basis of these topics, the team devised the various research methods and tools for the assessment, which was a combination of: desk study; observation; semi-structured interviews with representatives of stakeholders; focus groups, using Participatory Rural Appraisal (PRA)¹⁰ tools; report-writing; and documentation of information collected from public services.



Community mapping in Rier - Jaab, Unity State, April 2013

The assessment team split into two teams; one went to Melut county and the other to Rubkona and Koch counties. The field assessment was undertaken between 21 April and 4 May 2013. Within each of the counties the team selected specific communities in order to learn more about all aspects of the oil business in that particular community. Information given by the communities was checked by comparing it with other sources. The findings and responses of the communities were discussed with other stakeholders such as local government, government departments, neighboring villages, and staff of health centers, state government and the oil companies. Whenever possible the teams visited sites to check issues raised by respondents such as environmental pollution. The team that visited Rubkona met oil company representatives, but unfortunately this was not possible in Melut. In addition, photos were taken of all relevant locations and situations. Maps were drawn up using the GPS coordinates taken by the teams, available topographical and thematic maps as well as satellite images available on the Internet. The teams also analyzed and subsequently quoted from a number of other important research documents, either because they were particularly helpful for understanding the context or because they covered aspects the assessment team did not have time to look into.

Cordaid specifically opted for this collaborative, albeit challenging, research approach, as it allowed the staff of partner organizations to learn in the field and to bring in valuable experiences and knowledge so as to create synergy and nurture relationships.

The teams were confronted with particular difficulties. There is, for example, widespread and deep frustration about the oil business at community level and in some cases at local government level and there is the sense that people are rather weary of responding to questions. Moreover, because of the oil shutdown, observations of actual practice at the oil production facilities were limited.

After careful triangulation of all research findings during and after the assessment, we felt it was important to give all stakeholders an opportunity to reflect on this summary report and provide their perspective and feedback. Therefore, as a follow-up to the baseline assessment, a validation meeting was held in Melut on 6 and 7 December and in Malakal on 11 December. In Melut we presented our findings to approximately 70 representatives of the communities, local government and

local CSOs. In Malakal, representatives of the state government, academia and CSOs attended the meeting. Although oil company representatives were invited, unfortunately they did not attend. Moreover, a planned presentation of this report in Juba to the Ministry of Petroleum and Mining as well as to the oil companies could not take place because of the outbreak of the war in mid-December.

Nevertheless, the validations have helped to deepen understanding of the actual practice and situation, and all main findings and conclusions were confirmed. Furthermore, Cordaid and its civil society partners were encouraged to play a strong role in raising community awareness and in fostering dialogue between communities, companies and (local) government, aimed at mitigating the negative impacts and making oil production a benefit for all. Please refer to Annexe I for the recommendations formulated by community representatives during the validation exercise in Melut.

3. INSTITUTIONAL AND LEGAL CONTEXT OF THE OIL PRODUCTION

A complex net of institutions and actors share responsibilities with regard to oil production in South Sudan. These institutions are found at county, state and national level. Responsibilities and tasks with regard to oil business are not yet clearly defined and/or understood and several of these actors lack capacity and resources to play an efficient role. For example, the departments of health, environment, etc. that we met in the counties do not have the means to contribute to an effective monitoring of the impacts of oil production.

The legal framework in South Sudan is evolving fast. The Government of South Sudan is keen to attract investment for the development of the country and strives to capitalize on the country's vast oil and mineral wealth in a proactive and more responsible manner.¹¹ The Comprehensive Peace Agreement, the Interim Constitution of Southern Sudan and the Transitional Constitution of South Sudan as well as international law, international standards and industry good practice all shape the acts and bills that have been passed or are still in the making. The following acts and bills are of relevance for resource extraction:

- Petroleum Revenue Management bill (2013),
- Petroleum Act (2012),
- Mining Act (2013),
- Public Financial Management and Accountability Act (2011),
- Anti-Corruption Act (2009),
- Investment Promotion Act (2009),
- Local Government Act (2009),
- Land Act (2009) and Land Policy (2013),
- Human Rights Act (2009),
- Environment bill (in progress) and finally,
- the Agreement between GoSS and GoS on oil and related economic matters (2012).

In addition, the oil contracts or model contracts as well as corporate social responsibility (CSR) policies form part of this framework. But despite the adoption of laws and regulations drafted on the basis of international standards, as well as the ostensible commitment of the GoSS to sign up to the Extractive Industries Transparency Initiative (EITI), much still needs to be done regarding both the legal framework and implementation, particularly in connection with protecting the environment and the interests of communities.¹²

Since the oil business needs land it is inevitable that more land will be used for that purpose. However, just and prompt compensation is a right of those affected. Therefore it is important to define what an appropriate and just compensation scheme will look like. Similarly, the Petroleum Act sets high standards and contains a number of provisions that deal with company–community relations, including: environmental and social impact assessments consistent with international standards; proper consultation carried out by government and companies; a community development plan; the disclosure of risks; environmental as well as health and safety management plans; and a transparent and effective dispute resolution mechanism. Unfortunately, the assessment team did not have access to the new oil contracts signed after independence. According to Global Witness, the Ministry of Petroleum and Mining is supposed to develop a model contract to set a general standard for contract terms.¹³ The oil companies' CSR policies are either vague or unavailable. This is true for all three operating companies as well as NILEPET and the other members of the joint operating consortia.

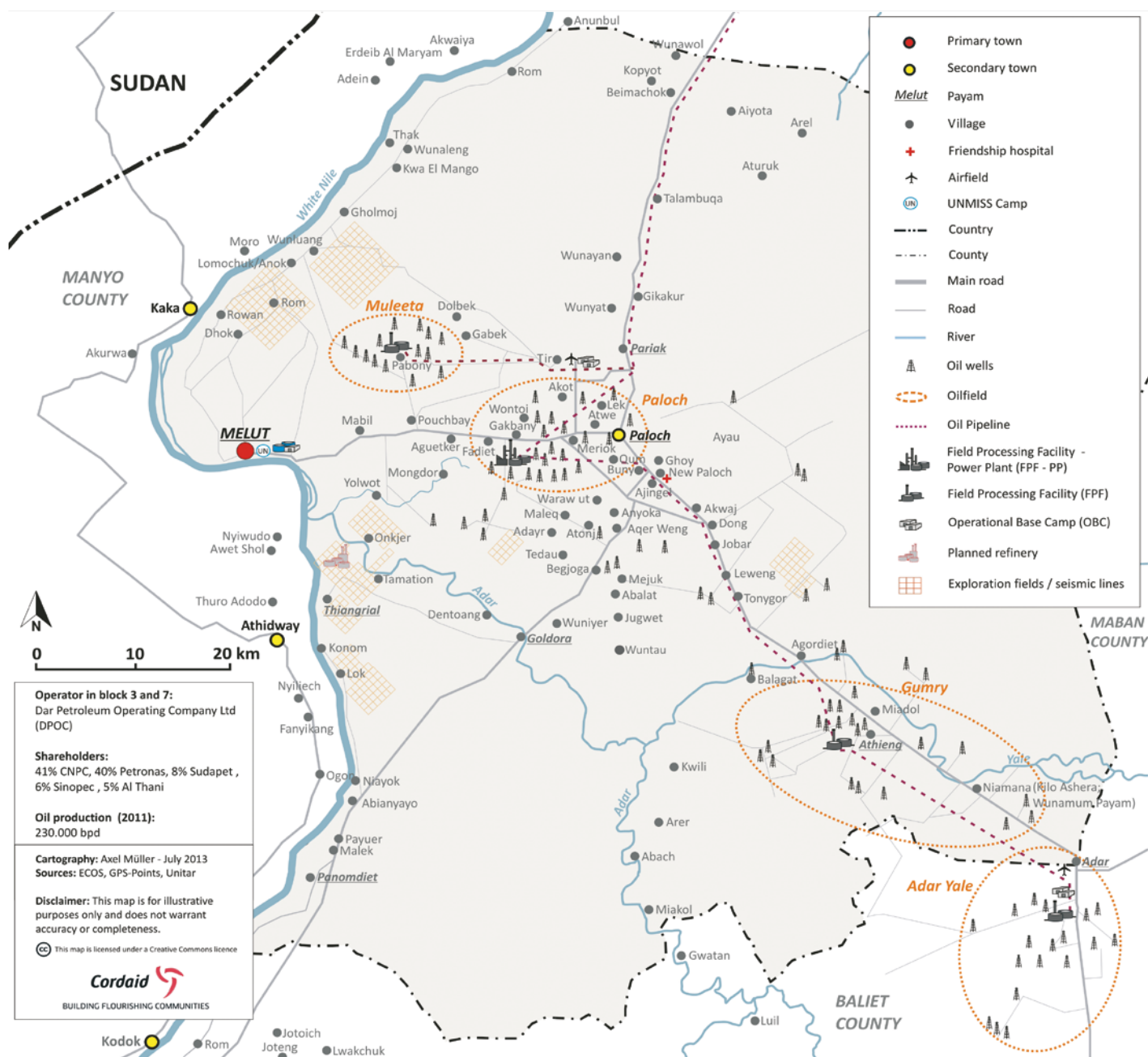
4. INTRODUCTION TO THE OIL-PRODUCING AREAS

4.1 Introduction to Melut County (Upper Nile State)

People in Melut suffered greatly during the civil wars. From 1985 to 1992 Melut town was left empty, all inhabitants having fled either to Kosti/Khartoum or to Ethiopia. In 1998 Melut became a county. One of 13 counties in Upper Nile State, it is situated on the eastern bank of the White Nile and shares borders with the counties Manyo in the west, Fashoda in south-west, Renk in the north, Maban in the east, Baliet and Akoka in the south.

The county is composed of seven payams: Melut, Paloch, Goldora, Gomochoch, Panomdiet, Wunamum and Thangrial. The important towns in Melut County are Paloch, Melut and Goldora. Paloch is the biggest town but the administrative center of the county is Melut town. Paloch has grown rapidly in recent years owing to its proximity to the oil production facilities.

OIL PRODUCTION IN MELUT COUNTY



The climate is hot and the area is swampy in the rainy season (June–October) and dry during the rest of the year. The area is generally flat and mostly made of black cotton soil, which is known as very fertile agricultural land. The landscape is dominated by savannah grasslands and forests of acacia and other drought-resistant tree species. The White Nile flows through Melut town and forms the western border of the county; it offers good fishing, grazing areas for cattle and means of transport from southern to northern parts of the country and to Sudan.

According to the 2008 census, Melut County had a total population of 49,242 (30,453 males and 18,789 females), but there are indications that the population now numbers over 67,000.¹⁴

The inhabitants are predominantly Dinka, who are indigenous to the county. There are also other ethnic groups from different parts of South Sudan and from other countries who came to Melut as returnees, for business purposes or to find jobs in the oil business. People live in small scattered villages or settlements, each typically numbering between 50 and 300 inhabitants. In the villages visited by the research team there is hardly any modern infrastructure. Most houses are tukuls, built of mud and thatched with straw.

The population of Melut is mostly Christian but there are also Muslims as well as people who follow the Dinka or other traditional beliefs. The Dinka are agro-pastoralists and cattle are an essential part of the people's livelihood. Many communities had and still have two homesteads, one for agriculture and one for livestock. The Dinka do not move much with their cattle. Only the Fellata nomads, who come from Sudan in search of grazing land, trek long distances, and in the rainy season they return to Sudan. The other important pillar of people's livelihood in Melut is rain-fed cultivation of millet and sorghum. People who live near the banks of the Nile and other seasonal rivers make their living from fishing. Melut and Paloch markets are the biggest markets in Melut County. Outside of these two towns, and in particular in the area directly surrounding the Operation Base Camp (OBC) of Dar Petroleum Operating Company (DPOC), smaller markets offer manufactured goods as well as coffee and tea to local customers and to DPOC's staff.

Oil exploration began back in the 1980s but production did not start until 1997. Construction of the pipeline from Adar Yale oil field through Paloch to Port Sudan began in 2004 and in 2006 the first oil was transported through this pipeline.¹⁵ The DPOC consortium that exploits the oil fields consists of CNPC, PETRONAS, SINOPEC, Tri-Ocean Energy and NILEPET. There are three main oil fields in Melut County: Greater Palouge, Gumry and Moleeta. The Adar Yale oil field, which is also operated by DPOC, is situated in Maban County and most probably in Baliet County, according to available maps and the research team's observation. But there are issues from the past, linked to the civil wars, oil production and border demarcation, that remain unsolved and create tensions between Melut and Maban counties.

In 2011 total output for South Sudan was an estimated 230,000 bpd, which would add up to 84 million barrels for the year.¹⁶ Production resumed in April 2013. In September 2013, 170,000 bpd (71%) of the total 240,000 bpd produced in South Sudan came from the oil fields in Upper Nile State.¹⁷

The Government of South Sudan is currently constructing an oil refinery in Thianguar.

4.2 Introduction to Koch County (Unity State)

At the outbreak of civil war in 1983 most residents of Koch County fled the area and settled in the neighbouring county of Mirmir, while others became part of the diaspora or went to Khartoum, to escape humiliation, torture and killings carried out by the Sudan Armed Forces as part of their oil fields 'protection' campaign.

Koch County is located south-west of Bentiu town, which is the capital of Unity State. It borders Mayendit and Leer counties to the south and Guit, Rubkona and Mayom to the north. There are eight payams and 53 bomas, comprising 391 villages. The payams are Koch, Jaak, Mirmir, Pakur (all oil areas) as well as Ngony, Boaw, Norbor and Gany.¹⁸

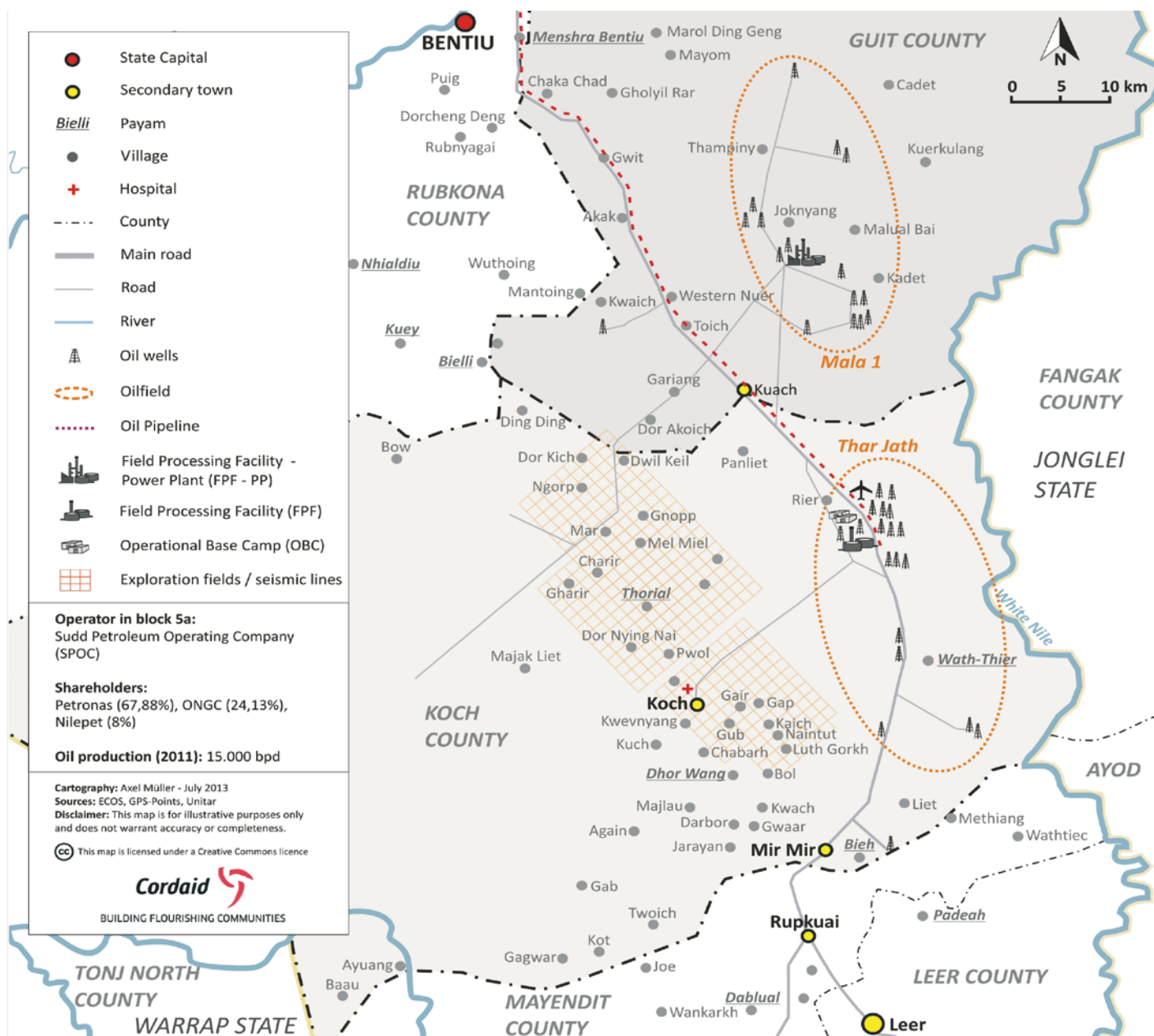
The area is swampy and large parts are not suitable for living or farming. Koch is in the heart of the Sudd, one of the world's largest wetland areas, which plays an important ecological role for the country and the entire East African sub-region.¹⁹

Koch is the home to Jagei Nuer people. According to the 2008 population census, Koch County is inhabited by 74,863 people.²⁰ A Village Assessment Survey carried out by the International Organization for Migration (IOM) in 2013 estimated that the current population of Koch County stands at 83,061.²¹ The majority of the people are Christians while some older people follow traditional African beliefs.

The population is extremely poor and there is widespread illiteracy. Communities depend mainly on cattle herding, subsistence farming and fishing for their livelihood. Cattle herding is of importance to the Nuer in particular. Very few people are engaged in petty trading. Major food crops grown in Koch County include maize, sorghum, sesame, groundnuts, vegetables, millet, cassava and rice.

The Thar Jath oil field in Koch is located in Block 5a, which covers the counties of Koch, Mayendit, Leer, Guit, and part of Rubkona and Fangak. The Thar Jath oil field is currently being operated by the Sudd Petroleum Operating Company (SPOC), which is made up of PETRONAS, ONGC and NILEPET.²² Average production in 2011 was 15,000 bpd.²³

OIL PRODUCTION IN KOCH AND GUIT COUNTY



4.3 Introduction to Rubkona County (Unity State)

Rubkona County was heavily hit by the second Sudanese Civil War (1983–2005), because of its oil resources. To some extent the war was about oil and so there were major battles in the oil field areas. Large numbers of rural people had to flee to the towns of Rubkona and Bentiui, while others moved north to Khartoum or escaped to neighboring countries. After the signing of the CPA there was a constant flow of returnees into Rubkona, up to independence in 2011.

Rubkona County is located in the centre-north of Unity State and covers an area of 3,597km².²⁴ The river Nam (Bahr Al Ghazal) flows through the county. The two main towns, Rubkona (the administrative center) and Bentiui (seat of the state government) lie close together, on opposite banks of the river. The county is divided into three major sub-administrative units: Northern unit, administered from Kaljaak; Central unit, administered from Rubkona; and Southern unit, administered

from Nhialdiu. Rubkona County consists of 10 payams: Bentiui, Rubkona, Nhialdhiu, Kaljaak, Budang, Panhiyany, Dhorbor, Wathjak, Ngong and Norlamwuel. There are almost 70 bomas.

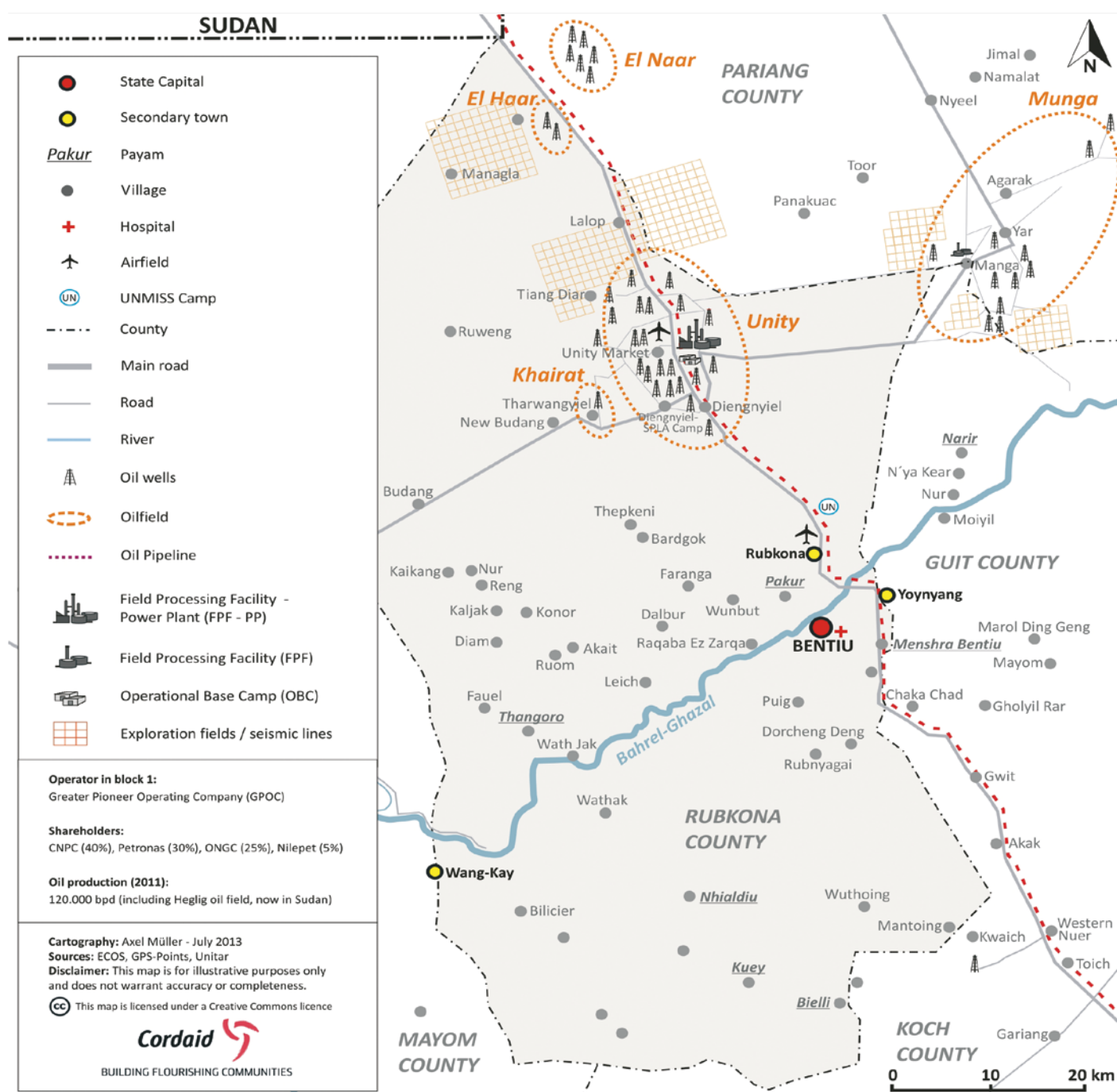
The county is an administrative division of Unity State and is headed by a county commissioner. A county council was established during the CPA period but according to the commissioner, it was dissolved as part of the austerity measures following the shutdown of oil production in 2012. Rubkona has a County Development Committee (CDC). Since the 1960s the customary chiefs have been headed by Paramount chief Tunguar Lam. There are sub-chiefs in each payam, assisted by boma chiefs.

Rubkona County has a sub-tropical climate, with a rainy season from May to September and a dry season from October to April. The region is swampy, and huge areas flood in the rainy season. Rubkona county is also situated in the famous Sudd swamp, although the northern parts are covered with

Many of the younger population are Christians, with some Muslims among both local people and traders from Sudan. Leek Nuer are cattle-herders but also practice small-scale subsistence farming and fishing, and also use the forest for income-generation (charcoal, firewood, timber).

No production figures are available for Unity oil field. GNPOC's total production in 2011 was 120,000 bpd, but this included the Heglig oil field in Sudan. A refinery is under construction in the county.

OIL PRODUCTION IN RUBKONA COUNTY



5. MAIN FINDINGS

5.1 People's perception of the oil sector

Introduction

Perceptions are shaped by the kind of information people have access to as well as people's past experiences and interaction with the oil sector. We accept that perceptions are subjective; nevertheless, for communities these perceptions are their reality or at least it is the way communities see the oil business. The teams asked questions in order to understand why people feel as they do. In our view, speculations, exaggeration of problems or wrong perceptions are indicators of inadequate information policies of other stakeholders or of insufficient consultation. We found that the perception of the communities in the three oil-producing counties is shaped by high expectations, lack of information and false information, bad experiences, and deep frustration. The people met in all three counties feel that the losses and problems caused by the production of oil far outweigh the benefits.



Meeting with community representatives in Lomochuk, Upper Nile State

Findings

High expectations are not being met

People have developed high expectations and are deeply frustrated that these have still not been met. Now that South Sudan is independent the communities expect a lot from the oil companies and government, and want their share of the oil revenues to be used for the development of their county. They expect jobs, a higher living standard, schools, clinics or hospitals, and good roads. It is worth highlighting that in Koch, specifically Rier village, the people clearly stated that community development was more important than individual benefits such as jobs. This seems true for most rural people; however, for example, young men in bigger settlements like Melut and Paloch are keener on getting employment.

In discussions with the communities the teams identified four factors contributing to these expectations: first, their deeply rooted sense of having a right to a share of the oil revenue; second, earlier promises made by government and company staff; third, the lack of accurate information; and fourth, the clash of two worlds in the oil areas, i.e., the world of the companies and the world of the communities. Those who live in the villages most affected by the oil industry operations see the fancy modern facilities, huge trucks and other powerful engines, power and light all day and all night, nicely dressed managers, guards and senior employees, and many things they have never seen before. At the same time they live in poverty, some in abject poverty, in villages where there is no development, no water, no electricity, no school, and no health center. This incredible contrast – a company and its employees visibly gaining enormous profits out of the land that formerly belonged to the community, against a background of poverty and absence of opportunities – is experienced by the communities every day.

Lack of information

People do not have access to accurate information about the oil business, which has led to conjecture and rumors becoming widespread in the county. The assessment team met people from very different backgrounds in the villages and the larger towns such as Melut, Paloch, Koch and Rubkona, as well as the staff of local government and various service departments. None of our interviewees was able to produce accurate information on key issues, such as the number of planned oil wells and future land needs of the oil business in the county, compensation procedures, grievance mechanisms, the system of water provision to the communities, companies' CSR policies, the distribution plans and the effective use of the 2% and 3% share of oil revenues, etc. Seemingly there is no official and detailed written information available on any of the important issues that concern the communities.

The perception of the communities in the three oil-producing counties is shaped by high expectations, lack of information and false information, bad experiences, and deep frustration.

People are also frustrated because they cannot make their voices heard and their complaints go unheeded. No structured community consultation process has ever been carried out by the companies and no sensitization programs by the government on oil-related issues. Young people feel let down by all actors, including civil society, since in their view, only talking goes on, and nothing has come of any of the initiatives they have undertaken to make their expectations and

grievances heard. The same is true for initiatives organized by women, local councils or traditional leaders. All interviewees spoke of the experience of not being listened to.

Dissatisfaction regarding quality of services

Moreover, there is widespread dissatisfaction regarding the quality and quantity of the services delivered, whether directly by the oil company or through government. Oil production has, it is true, brought some benefits to the communities, such as the provision of water in some villages close to oil production facilities, electricity in Melut town, and some health services and schools. But not only do people consider this is not nearly enough, they also complain that the services that are provided are of poor quality and their delivery often unreliable.

People, regardless of their background, express numerous concerns regarding the disturbing and negative impacts of the oil business: health problems, evictions, in-migration and environmental pollution that affects their livelihood. Given the violent past and the lack of opportunity to interact with the company, the communities perceive the oil companies to be more their enemies than their friends.

5.2 Benefits

Introduction

Through observation in the counties as well as interviews with local and state government, the teams tried to identify all socio-economic benefits, intended or unintended, arising from the oil business. Individual or collective compensation payments for the loss of land, for example, are considered not as benefits but as measures to replace what was lost and are therefore dealt with in Section 5.4 on impact mitigation. The assessment team identified several potential benefits, including: access to employment in the oil companies; a share (2%) of oil revenue specifically earmarked for the oil-producing states; social infrastructure and basic services (such as health, education, water, electricity) implemented as a contractual obligation under the Exploration and Production Sharing Agreement (EPSA) for Community Development or offered by the oil companies within the framework of their CSR policy. The team also identified positive side effects of the oil business, such as: free access to roads constructed by the companies

for their own purposes; new business opportunities due to in-migration and increasing demand for these businesses (trade, catering, etc.); and improvements in telecommunications and transport. Interestingly, the interviewees never mentioned any of these (potential) benefits. Also, the team could find no documents from GPOC and SPOC on community development. Neither company has a website yet. On the (older) GNPOC and WNPOC websites no detailed information on CSR or community relations was available as at September 2013. Only for Melut was it possible to obtain some information from the PDOC website and compare it with what interviewees told the team.

Findings

Limited access to employment

Access to employment in the oil companies is very limited. Being a highly capital-intensive industry, the oil companies do not need many laborers. Skilled staffs are expatriates or come from outside the counties. Some people have been employed for petty jobs or are contracted for short-term work as casual laborers. After construction works were completed, the number of jobs fell. Today there are only a few community members working as office cleaners, guards, or drilling machine operator assistants. Recently, however, a small number of South Sudanese have been recruited into key oil management positions, such as field managers. Moreover, a few people from the counties have been appointed into oil-related positions in the government. Nevertheless, most skilled staff are expatriates or come from outside the counties.

Limited community development

Very little development has been realized with the states' 2% of the oil revenues. In Melut the assessment team identified only one primary school, a police station, a prison in Melut town and the Pariak payam administration office as having been built with the 2% share. There is no transparency as to how much money is available annually for the different counties and no public accounting to show how these funds have been used. No information is available in Koch and Rubkona on whether any oil money was sent to these counties.

Regarding community development carried out by the oil companies, the social infrastructure and services that they offer, either as part of their contractual obligation under the EPSA for Community Development or in accordance with their CSR policy, are also quite limited. Nevertheless they appear to exceed anything that the government has implemented with the oil revenues. Investments in water provision and health are the most important contributions. To give some examples, there is one hospital and one primary school in Koch town. In Bentiu the Chinese operate the Bentiu Hospital, which is of great importance for the people.²⁶ In Rubkona County, Kalzak primary school has been built. It seems that significantly more community development projects have been implemented in Melut than in Koch and Rubkona. In Melut County the company has constructed a hospital in Paloch as well as the primary health care unit and a primary school, a primary school in Goldora, a secondary school and the commissioner's accommodation in Melut town, the water treatment plant in Melut and the extension of water pipes to Melut town and public water taps in Paloch, as well as the extension of the power line to



Chemical tank used for water, Paloich, Upper Nile State, February 2013

Melut town. Since 2011, though, no money has come from the company for any further development projects in the counties. On the other hand, DPOC in Melut continues to deliver water to the communities living in the oil fields.

Limited quality of services delivered

As already mentioned there is widespread dissatisfaction regarding the quality of the services delivered. A water project for Rier was abandoned before completion. In Rubkona the company has supported the construction of the Bentiu Technical College, but the college is currently not operational because of lack of funds. According to the communities in Melut, they were told that the contracted company is supposed to provide a regular supply of clean water to the villages. However, the system seems poorly designed and managed. In some places fairly new plastic water tanks are provided by the company, but in most places these previously contained chemicals, and some of the containers are old iron water tanks taken off trucks. The contracted company fills all tanks regardless of their quality and communities confirm that very often the water comes directly from the Nile and is untreated.²⁷ In all villages visited by the assessment team the interviewees confirmed that the supply was unreliable. The Palouge Friendship Hospital was donated by China National Petroleum Company (CNPC) in 2006, but in fact CNPC built it as part of a (failed) relocation plan for the inhabitants of Paloch. The companies' community relations are managed by security, meaning the government intelligence services. This has contributed to mistrust and prevented communities from pushing for greater participation in decision-making regarding these projects. It seems that the companies did not have and do not have a policy for sustainable community development projects. In contrast to the critical view that the communities and local authorities have of PDOC's level of engagement, the company's website provides a rather positive picture of what has been invested in community development.²⁸

In terms of benefits or, rather, (positive) side effects and opportunities it seems that there are significantly fewer in Koch and Rubkona compared with Melut county. In Paloch, for example, local catering activities have significantly developed since workers come to buy food and drinks in the market. But in Koch and Rubkona the oil facilities are all far away from the communities.

Yet even in Melut new business opportunities are still very limited and neither government nor companies have a policy in place to develop these opportunities. The assessment team met no one who had given any thought to possible ways of developing such opportunities further or to how local people, especially young people, could make use of them.

In Melut County there are 17 primary schools and one secondary school for a population of at least 50,000 inhabitants, of whom at least 20,000 to 25,000 must be of school age. The four schools built with oil money can therefore be considered a mere drop in the ocean. In addition there is a serious lack of teachers in the county, meaning it is not possible to provide a basic level of education for all children.

5.3 Impact

Introduction

A negative impact of the oil industry was observed in many places, and that was that numerous villages disappeared, as people had to relocate. With regard to various problems that people mentioned, particularly those linked to health, the teams could find no evidence. Yet there are enough indicators to recommend additional research to look specifically into the impact on environment, health and safety. Our findings are based on the interviews with communities and local government representatives, our observations in the field, and other available documents. Most of the damaging practices that the communities cited had happened in the past, but there are enough indicators to show that harmful practices are still continuing today.

Findings

Impact on the environment

It seems very likely that produced water, drilling muds, oil spills and chemicals have seriously polluted the environment in and around the oil fields. Unprotected toxic drilling muds, crude oil in holes next to the oil wells, and witnessed instances of spilled toxic water indicate that measures to prevent pollution are insufficient and ineffective.



Taking samples from water pond in Kerial, Unity State, May 2013

One of the primary sources of potential contamination from oil production is what is known as toxic produced water.²⁹ Oil reservoirs frequently contain large volumes of water and in order to achieve maximum oil recovery, additional water is often injected into the reservoirs to help force the oil to the surface. Both formation and injected water are then produced along with the hydrocarbons and, as an oil field becomes depleted, the amount of produced water increases as the reservoir fills with injected water.³⁰ On average, about 7 to 10 barrels of produced water is generated per barrel of crude oil. Major components include: hydrocarbons, salts, metals, radio nuclides and production chemicals.³¹ In Paloch, produced water is disposed in pits near the Field Production Facility – Power Plant (FPF-PP) on Ayawal land. There are villages, pastures, fields and forest all around this disposal site. Some time during the production period, the toxic produced water reached its highest peak level and as a consequence the produced water

leaked out into the forest of Ayawal area (near Fadiet), burning grasses and trees. When the toxic water spilled over, the cattle drank it and died. The water in the ponds near the evaporation pit cannot be used any more by the livestock.³² In April 2013 the pit near the FPF-PP of Paloch near Gagbany and Fadiet was almost dry because for one year there had been no production. The pit is a huge area, all the trees inside it are dry and dead, the soil is white, the fence is broken and some parts of it have been removed. The pit is not protected, people and animals can go into it, and there are no warning notice boards.³³

Well drilling also affects the environment because of the toxic drilling muds which, if not properly treated, can pollute surface and ground water. There are many reports of goats having licked the mud and then died. A number of holes next to the oil wells are filled with water; during rain, toxic soil mixes with this rainwater, making it dangerous for children to be anywhere near these holes. For example, next to oil well FM 25, near Kuotyuomnom in Melut County, there is a completely unfenced hole measuring 5m by 8m which is full of crude oil.³⁴ Our research corroborates findings from earlier studies. Sign of Hope, a German development non-governmental organization (NGO) published some years ago a study that found many chemicals in the ground and water: *"A major source of contamination are the mud pits at the more than 30 oil-boreholes. In order to keep the salts and the chemicals of the drilling process from seeping into the ground the mud pits should be fully lined with plastic sheets.(...) We have seen several abandoned boreholes where there was obviously no plastic lining at all. We have taken liquid-samples of mud pits of two of those boreholes. The drilling fluids contained extremely high concentrations of salts, predominantly potassium chloride (TDS: 47200 mg/l; electrical conductivity: 78800 µS/cm). That means that the drilling fluids in these mud pits have not been removed after cessation of the drilling process as WNPOC was pointing out."*³⁵

Unintended side effects of burning grasses, digging holes and creating dams are likely to have negative effects on the productivity of the farms in and around oil fields.

No comprehensive research is available on the environmental impact of the oil business. Several members of local government in the counties have suggested, and requested, that independent experts evaluate the impact on the environment. But so far no serious independent evaluation has taken place. According to ECOS, *"an Environmental Impact Assessment has been undertaken by the University of Khartoum for Petrodar (PDO) [in the 1990s], but the results are not publicly available."*³⁶

Impact on health and safety

Health problems caused by oil production are of great concern to the communities. Oil production pollutants are suspected by communities to have caused many new health problems, namely increased infertility in women and a high number of miscarriages; eye pains, eye infections and even blindness; and skin problems. Some interviewees mentioned in addition fatigue and stomach pains and an increased incidence of appendicitis. According to medical staff met in Melut and Koch health facilities, a link between the pollution caused by oil production and some of these health problems cannot be excluded and needs further research.

The smell (vapor) that comes from the produced water pits is a big issue for all those living close to these pits. In Fadiet boma many interviewees stated that a number of families and even villages moved away because they could not tolerate the smell. *"The smell of the toxic water is terrible. This bad smell was there throughout the year. You don't smell it now, because there is no oil production for more than a year now. Even when you passed by on a truck or in a car you smell it. We were always coughing."*³⁷

The staff of Melut Health Department strongly suspected that the substantial increase of sexually transmitted diseases (STDs) and HIV/AIDS in Paloch and New Paloch was due to the oil business and the related inward migration of workers and job seekers. This is in line with what has happened in other oil fields in Africa. However, there are no statistics available in the Health Department or the PHCU of Paloch. Also, in Koch it seems very likely that STDs/STIs have resulted from commercial sexual activities with soldiers who were protecting the oil fields.

The flow and mixture of people in a social environment that is characterized by vulnerability and feelings of marginalization is contributing to tensions between local people and newcomers as well as returnees.

Communities are not made aware of hazards associated with the production of oil nor of appropriate safety measures. The unprotected dangerous sites (produced water pits, holes filled with crude) as well as the thousands of earth holes dug for various purposes by the oil companies are a serious threat to the safety of the people and their livestock. A number of accidents and hazardous situations occurred in Thar Jath oil field (seven fatal accidents during a ten-year period in Rier village). Comments from Kong Chany Kai, a new manager at Sudd Petroleum Operation Company (SPOC), confirm that people's concerns are justified: *"The lack of safety was the main problem facing the operation in Thar Jath oil field in Unity State. The recent breakouts [oil spills] in oil field have shown that the previous oil companies are not serious about safety of oil operation in the area."* Kai called on the Juba government to cooperate with oil companies operating in the country to work hard in order to improve safety on the ground.³⁸

According to a DPOC employee the team met, *"The company in principle advises the local people not to come close to the oil facilities including areas where construction and drilling is taking place so that they are not affected by the chemical used in the process for digging and drilling, but so far there are no mechanisms to ensure that local people follow these company instructions."* In places such as Meriok, Kuotyuomnom, Paloch or Gagbany, as well as many other villages, the oil facilities are so close to the houses, fields and pastures that "not to come close" to these facilities is impossible.

No actor has so far seriously looked into the health issues. At any rate, there is no information available about any research on the health issues raised by the communities and local authorities.

Social impact

Seemingly very few decision-makers at company and government level but also within civil society are aware of the high risk that the oil business poses for the social fabric in the counties. Yet, the oil business has led to previously unknown imbalances developing in the communities. Only a small number of people have obtained good jobs or business opportunities, or have gained access to oil money and become richer. The majority of people in the rural community have become poorer or feel they are poorer because their resource base has been diminished. This imbalance has had a negative impact on social relations and has the potential to create further frustrations and even conflict.

The flow and mixture of people in a social environment that is characterized by vulnerability and feelings of marginalization is contributing to tensions between local people and newcomers as well as returnees.

Multiple conflicts concerning land caused or exacerbated by the oil business have led to a serious deterioration in social relationships. According to a former commissioner of Melut County and other interviewees: *"People used to stay together, even if there was no clear and official demarcation of land. But since the oil company came into the area and started paying compensation, there were many cases where several people claimed to be the owner of the same plot of land."*³⁹ During validation in Melut county, chiefs as well as representatives of youth and women clearly confirmed the increase of conflicts and the negative impact on the social fabric. So far the communities and other stakeholders have failed to find any way of dealing constructively with these conflicts. Destructive behavior, such as outbreaks of violence, theft, withholding information, spreading rumors, is very likely to increase.

It was extremely difficult to obtain reliable information on the compensation system and the distribution of compensation money; indeed, it was impossible to get precise and reliable information on the total of the 2% funds and the way these funds have been used. There are widespread rumors of government staff having misused funds in the past. There is evidence from all over the world of the devastating effects of corruption on social relations. It is very likely that relations have already suffered in the counties because of corruption and lack of transparency.

An attitude of 'waiting and expecting' has developed among men, especially young men, in the counties and in particular in the bigger towns. The causes are to be found in a mixture of long years of war, an extended period of relief operations, and the oil business. This attitude is a serious obstacle to self-reliance and development. In some places research team members got the impression that many young people and elders sit and wait, criticizing the government and the company but refusing to take any action themselves to improve their living standards. Endorsing this impression, some people said that compensation money has spoiled them. The dream of finding a job leads many young people to migrate to the towns of Paloch and Melut and cut themselves off from the village life of farming and cattle-herding. Instead of being productive in the villages and developing life skills, they muddle through in the towns with small casual jobs and other tactics for survival.

In sharp contrast, the dynamic women's group in Melut, JWEDA, has helped 45 women into business in recent years, with their own resources and ideas. According to our observations, only men deal with compensation and land issues. According to the women of JWEDA, women and women's groups have no access at all to the oil companies. This leads to a risk that oil business disempowers women. On the other hand, since women are more dynamic they can more easily benefit from the side effects of the oil business.

Impact of the past: war, violence and displacement

The history of oil and wars in Sudan has been recounted and analyzed in a number of reports by the European Coalition on Oil in Sudan (ECOS) and others. Violence, displacement and destruction affected thousands of people who had to flee, were killed, or lost their property. The legacy of the years of conflict, and the cruelty inflicted on communities, is impoverishment, traumatized and deeply disturbed individuals and families, and broken relationships within families, clans and villages. Victims of the violence and displacement have had no redress, even though the CPA provided for this.

Impact on livelihoods

*"The concept of 'livelihood' refers to the total of activities, resources and chances people use to secure individual as well as communal existence. As such, it also includes the approaches taken by a given group to preserve those social relationships and claims that may provide buffers in times of hardship and make sure those individuals and groups are able to generate livelihoods in the future."*⁴⁰ Prior to the launch of oil activities in these parts of Upper Nile and Unity states, pastoralism and agro-pastoralism were the most important pillars of livelihood.

Oil production needs land, but access to land and land use is the basis of communities' livelihood in Melut County. The majority of inhabitants cannot make a living without access to land, whether for cultivation, grazing of livestock, hunting, or collecting fruits and firewood, etc. Land take for oil production puts people's livelihood in jeopardy.

According to the women of JWEDA, women and women's groups have no access at all to the oil companies. This leads to a risk that oil business disempowers women.

Oil production has negative consequences for people's livelihood through the destruction of resources. Water shortages, water pollution and difficulty of access to water affect people's means of livelihood in many locations throughout the counties. In addition, the other negative impacts, as described in the four preceding sections of this chapter, accumulate and have a bearing on the livelihood of communities and have contributed to their vulnerability.

On the other hand, the existing potential for livelihood improvement in the counties is not exploited as it could be, for a number of reasons. Agricultural technology has remained relatively unchanged over the years, and farmers do not have access to any kind of extension or support services. Because

many of them are attracted by the prospect of 'quick money', farming is in decline and the existing potential for agricultural improvements neglected.

5.4 Mitigation and prevention of negative impacts

Introduction

Very few documents were available on impact mitigation measures. No EIA⁴¹ could be consulted. This limits to some extent the analysis of this specific issue. Compensation was the only measure for which enough facts could be found in Melut County in order to describe the practice. Details have been collected in interviews with the compensated community members, the director of the Agriculture Department, the deputy director of the forest department, and JWEDA women's association in Melut County. Some compensation payment acknowledgements have been analyzed by the assessment team. However, the team in Koch and Rubkona could find no knowledgeable person – at SPOC, GPOC, local government, at state level or in the communities – able or willing to explain precisely how the compensation was organized.

Findings

Payment of compensation

The only mitigation measure the research team could identify as having been carried out over a certain period of time was the payment of compensation to affected families and communities. It seems quite certain that no compensation was paid prior to the signing of the CPA. However, despite various reports suggesting that no or very little compensation was paid to affected people even after it was signed, the present assessment shows a different picture. The team in Melut met a number of people to whom compensation was paid and estimate that a substantial number (several hundreds) of people received compensation. Whether this compensation is just and appropriate is a different question. It is not clear whether compensation was paid to a majority of people affected, or only to a smaller percentage. There are no documents available at the level of state or local government that show comprehensively who has been compensated for what. No information about the compensation system has been issued and communities have not been consulted, so therefore had no opportunity to contribute to the system's design. In contrast to the more formulated system in Melut, it seems that in Koch and Rubkona counties compensation payments were ad hoc and without clear procedures in place. Since independence no compensation has been paid. High standards on transparency are detailed in the 2012 Petroleum Act, but no one we met knew how, in practice, these would be dealt with by the new South Sudan government.

The compensation system in Koch and Rubkona was run by the government and company security services as well as the county development Committees. The compensation procedure in Melut involved different actors from four structures, the Ministry for Energy and Mining (Khartoum), the company, a county compensation committee and local compensation committees in the affected areas. According to interviewees the security staff of the government and the company played the most important role. The tasks of the county compensation



GPOC representative talking with a staff member from GADET Pentagon

committee were: to calculate the losses; to effect the payments to individuals and to local compensation committees; to document and transfer to the company and GoS, for their approval, the calculations regarding losses as well as payment acknowledgements. This procedure did not allow communities to influence any single aspect of the system. Even today communities affected do not have a clear understanding what the compensation is meant for.

No information about the compensation system has been issued and communities have not been consulted, so therefore had no opportunity to contribute to the system's design.

In the view of the assessment team, compensation must replace the lost resource base (e.g. land) on which people had made their living, in order to secure a sustainable livelihood in future. This idea had already been set out by the International Finance Corporation in 2002: "[P]eople affected by the project must be... restored to livelihoods whose standards compare with, and preferably exceed, those that prevailed before resettlement."⁴² Compensation is understood by the assessment team as a right and not a favor given by the company. Different types of compensation were paid, for crops, oil wells (lump sums) and trees. But land as such was not compensated. However, the most serious shortcoming is the fact that only one harvest was calculated and paid for to compensate for the definitive loss of land. It is obvious that an amount to replace the loss of one harvest cannot be used as an investment to restore livelihood for the affected people. Taking their land means pushing people into poverty.

For each oil well the company paid a lump sum of SDG14,000–15,000 (approx. US\$7,000–7,500) to the local compensation committee in Melut County. The local committee then distributed the received sum among the community members or decided to use the money for a collective project like the purchase of a tractor.

Compensation for trees was paid during seismic exploration activities. Payments went on until 2009 or 2010 for fruit trees, mainly three species, *Acacia senegalensis* and *Acacia seyal*, which are common gum trees, and *Lalop* or *Heglig* (*Balanites aegyptiaca*). All trees were paid for at SDG40 (approx. US\$20) per tree. This compensation was paid to communities and/or individuals.

The team who met stakeholders in Rubkona and Koch received contradictory stories on compensation. In Koch County, the County Development Committee (CDC) said that areas compensated after the CPA was signed included Mirmir, Pakouch and Thathou, where trees and buildings were compensated for. The company apparently paid up to a maximum of SDG17,000 (approx. US\$8,500) per household affected, to compensate for all damage to land, buildings and trees. The CDC's role was to witness the process of compensation. Of the compensation money, 20% went to the CDC, to cover its transport and food costs during their monitoring of compensations.

According to the County Commissioner, the system followed in Rubkona provides only communal compensation, and no compensation to individuals. In this system, government receives funds from oil companies and decides what to do with the money. The Executive Director of Rubkona County stated that compensation payments to communities began in 2006, one year after the signing of the CPA. But he recalls that compensation was only carried out twice in the period 2006–11. According to GPOC, however, there was some compensation to individuals, but it seems that this was in cases where two categories of houses had to be destroyed, the *luak* (big thatched hut) and the *jöt* (smaller hut). The assessment team concludes that even if compensation was made it was done in an unsystematic and ineffective manner. This is confirmed by recent research by Dr Leben Moro in neighboring Pariang County.⁴³

In rural, remote areas of South Sudan, where people do not have access to financial services and where there are no opportunities for investment, money seems inappropriate for replacing land.

When compensated people were asked in the villages how they used the compensation money replies were somewhat vague in most cases and it seems that most of the money received was used for direct consumption (food, transport, school fees, health, family affairs, etc.). The assessment team met only one compensation recipient (an educated and experienced local investor) who seemingly made good use of it. What is clear is that in rural, remote areas of South Sudan, where people do not have access to financial services and where there are no opportunities for investment, money seems inappropriate for replacing land. To start a business outside agriculture for most rural people is already a challenge. In the specific political environment of Upper Nile and Unity with their volatile security situations it is extremely risky and not really an option. Moreover, money cannot compensate for the deep

personal attachment that communities have to their lands. Compensation for obvious damages was paid on an ad hoc basis in Koch and there appears to be no transparency regarding how the companies dealt with this kind of damage. In Melut county communities stated that no compensation was paid for oil spills or pollution by produced water.

Adequate relocation

There is no example of adequate relocation. There was one attempt in Paloch to relocate people voluntarily to New Paloch, but this failed, apparently because it was badly managed. There are worries in Paloch that this issue of relocation may come up again because Paloch town is located in the middle of the oil field. In Koch and Rubkona people had to relocate themselves because they were forcibly driven off their land, or during the war even forced off by being shot at from helicopter gunships. Upon returning after the signing of the CPA people had to resign themselves to settling on sites not prepared for settlement. There are relocation plans for other sites but still it seems that people are not consulted and there is no real opportunity to participate in the process.

People in all three counties are worried about relocation plans. There are plans to relocate people from villages in Rubkona to a newly identified location called New Budang to remove them from harmful effects on health. When asked whether they had been informed about this proposal, the young people and elders indicated they had been given no information. The research team discussed the issue at length with GPOC company staff, who stated that according to a plan agreed with the county authorities, compensation payments to individuals will be very limited. However, there will be communal compensation in which the oil company and the county authorities will provide essential services such as water, a school, and a health center in New Budang to make the relocation attractive to the community. However, upon analysis, it becomes obvious that there has been little reflection on key elements of the relocation and compensation system, and no proper community consultation process.

Grievance mechanism

Our research shows there is no such mechanism that would allow problems to be solved and damage to be repaired in a timely manner – at least, none of the interviewees was aware of one. This makes it impossible for communities to make their voices heard in a constructive way. The community in Rier (Koch County), for example, does not know to whom to address issues or complaints, nor do the people met in Tharwangyiel. Neither SPOC nor GPOC have laid down any grievance management procedures that the people are aware of, and they can only express their grievance via the local government. There is no direct channel of communication between those affected and those affecting the livelihood of the communities. The research in Pariang carried out by Dr Leben Moro confirms the findings in Rubkona and Koch: “... Thus, oil companies are increasingly taking into account local concerns and complaints; however no structured company mechanisms seem to exist yet...”⁴⁴

Risk mitigation policy

According to the field-based manager of GPOC, a comprehensive risk mitigation policy is available. The document was given to the research team. However, in fact it is not a policy for the prevention and mitigation of negative impacts but an HSE (Health – Safety – Environment) handbook for workers in the company. The handbook exclusively deals with safety rules for company staff and is of little use for communities.⁴⁵ According to the communities met, no safety rules for communities have been laid down.

5.5 Stakeholder engagement

Introduction

A wide range of stakeholders were interviewed in order to get a picture of the current state of stakeholder engagement. Stakeholder engagement can be described as the process by which key actors involved in a certain process or project develop and sustain their relationship with one another. In this case, stakeholders include the oil companies (including sub-contractors), government (national, state, local), traditional authorities, communities, and civil society organizations. In our view stakeholder engagement is about facilitating communities' participation in decision-making on issues that affect their lives. The findings highlighted below indicate that there is an urgent need to reflect on how those facing the most difficulties (i.e., communities) can make their voices heard.

Findings

Different interests

It is well understood that the three main stakeholders in oil development projects have different interests. To put it simply:

- Government, at national, state and local level, is interested in taxes and royalties and infrastructure.
- Companies are interested in profit.
- Communities (as well as their traditional leaders, local councils and development committees) are interested in development.

Assuming that the stakeholders are aware of the facts that an oil field is exploited over a period of 20 to 30 years and that a minimum of stability is necessary for this oil production, one could assume that with political will and transparent and participatory negotiations it should be possible to create win-win situations. But for this to work there is need for constructive engagement from all sides.

There is nothing that could be regarded as a structured stakeholder engagement process or even an attempt at it. The relationship between the stakeholders is not good and everyone expresses a feeling of weariness, because they do not perceive commitment and seriousness from the other sides. One of the oil company managers expressed deep frustration at the nature of the relationship and cooperation his company has with the community. He stated that the company is always blamed for all problems. Similarly, the paramount chief of Melut decided to stop attending meetings with the company and the commissioner at county headquarters, since he feels his issues are not dealt with. So although windows of opportunities have opened since independence, no serious stakeholder engagement is currently in place.

Lack of proper consultation and of a 'social licence to operate'

The attempt to resettle the people of Paloch to New Paloch is an example of failed engagement with communities in the past. The construction of the new refinery in Thianguial (Melut County) was launched after independence, so one would expect a new approach concerning consultation and stakeholder engagement. But no real changes in policy and approach of the government could be found in this regard. There is nothing that could qualify as a consultation process happening in Thianguial, even though construction has already started.

In order to operate, a company needs a license from the government, but in addition, a company also needs a so-called 'social license to operate', i.e. some sort of legitimacy and basic acceptance from communities in the area where it operates. The findings described above indicate this social license is absent. Hence it appears that the powerful stakeholders (companies and national government) very quickly after independence identified common interests but forgot about the interests of the community.

Obstacles to constructive engagement are visible among all stakeholders:

- **The oil companies seem to see communities as risk factors for their operations and not as stakeholders to engage with.** This perception leads to risk-mitigation strategies that in no way could be regarded as a social license.
- **Communities are deeply disturbed by the after-effects of the war, insufficiently organized, and divided among themselves, and they do not have the capacity to constructively negotiate and defend their rights.** After many years of war and oil production, alienation and dispossession, communities are weakened, divided and without strong and credible leadership. This makes any engagement with other stakeholders difficult. Frustration and resignation are widespread and further complicate any attempt at constructive negotiations.
- **Local government structures are not in place in all counties. In addition there are internal conflicts and a lack of capacity and experience at local government levels.** Frequent changes of commissioners in Melut County (three in 2013 alone) have made sustained and coherent development planning, project implementation as well as engagement with the company impossible.
- **Civil society is weak and has little experience in dealing with oil companies and stakeholder engagement.** Indeed, civil society is almost absent in the counties. Those who show interest in advocating for the rights of the oil communities are mostly based in Juba. Distance and lack of resources means they make occasional quick visits and then disappear again, which only increases the disappointment and resignation among the communities. The few who are based in the state are weak and have little experience in oil business and stakeholder engagement.

6. RECOMMENDATIONS

The list of problems identified during the assessment could easily lead to a long list of recommendations for each and every stakeholder. However, we feel that dialogue backed up with the right type of organizational and technical support is crucial:

1. Start a meaningful and constructive dialogue

The issues around oil production are complex and it seems that there are no simple solutions to the problems. The stakeholders come from a wide range of backgrounds which makes engagement difficult. But practical solutions to problems of the past and improvements in current approaches need to be developed together. Therefore the following is recommended:

Step 1: All stakeholders need to work hard in order to get ready for dialogue.

Dialogue can only produce results when the parties can meet and talk on equal terms. Those who meet need to have the capacity to engage in dialogue and to have the trust and support of those they are representing.

Communities and those who represent them – particularly traditional authorities, local councils as well as local development committees – must meet to clarify roles and strengthen their capacities in different aspects of oil production as well as in self-reliant development action. Communities who see themselves primarily as victims must redevelop a sense of responsibility for their families, their environment and future generations. Dialogue processes need independent, strong and self-confident local people to work for peace and development. National or international NGOs cannot replace this local capacity. The outsider's main role is to support the development, improvement and sustainment of local capacities, in local NGOs, church-based organizations, community-based organizations, traditional authorities, local councils, payam committees and also individuals – all of which are potential laboratories for democracy, participation and transparency.

Companies must shift from 'risk-mitigation strategies' to open and constructive community dialogue. When the companies start to perceive the communities as rights-holders and partners, their management will develop successful ways and means to get consent, to develop a genuine *social license to operate* and to retain this license over time. Companies must become acquainted with and train staff on the principles of the Ruggie framework ("Protect, Respect and Remedy"), the Voluntary Principles on Human Rights and Security, and other relevant oil and gas industry standards and best practices.⁴⁶

Government at local, state and national level must find ways to deal constructively with internal conflicts and in addition must seriously invest in building the capacity of, in particular, local government structures and personnel with regard to all aspects of the oil business.

Civil society can play an important role but only as a strong and competent partner. Each and every single CSO with the ambition to contribute to development, peace and the promotion of human rights must concentrate on strengthening its own capacity in order to meet the challenges. A top priority for CSOs must be to help to make local capacities crisis-proof, sustainable and strong enough to be listened to. Dialogue needs a driving force, a personality or institution capable of bringing an idea forward. CSOs that have the trust of communities as well as access to other stakeholders could play this role.

Step 2: Find a practical way to get stakeholder engagement started.

Stakeholder engagement could start with round tables held at different levels where stakeholders engage in dialogue on specific issues, or else with meetings or workshops with resource persons in order to identify relevant issues and prepare the way for a search for solutions.

Step 3: Identify and design tools for meaningful stakeholder engagement.

It could be useful to start looking at appropriate approaches and tools covering key elements of a constructive relationship, which are: consultation, compensation and resettlement, grievance mechanisms, development action, and monitoring of impacts. Examples and best practice from other countries can be analyzed. However, there is no single blueprint. The existing legal framework as well as existing industry guidelines and principles must be translated into concrete and practical steps appropriate for the specific situations in the South Sudanese oil fields.

The reflection and dialogue could ultimately inspire:

- the design and implementation of self-reliant development action by communities;
- the design of approaches that help communities to assess livelihood and to evaluate and document all economic, social and cultural assets, values, rules and regulations as well as relationships that are at risk through oil production;
- the design of Social Impact Management Plans at company level as well as different approaches to corporate social responsibility;
- the introduction by government institutions of regulations that clarify, and ensure the implementation, of existing laws;
- approaches to independent and/or community-managed monitoring of company and government action;
- organizational and technical strengthening as well as accompaniment of communities by civil society organizations.

There is no need to start with a formalized stakeholder engagement right from the beginning. All parties are encouraged to go for an open approach that allows for trust-building. Independent actors from civil society can offer space where people can meet. It is not important to have everybody on board on every occasion. It is more important to have meetings quite often where issues can be discussed. These meetings should take place at county level, state level and eventually at national level.

It is important to stress here that constructive stakeholder engagement and dialogue does not exclude legal action.

In our opinion there are problems from the past including the CPA period which have still not been rectified and should be addressed immediately. How this can be done is described in the following recommendations.

2. Evaluate and remedy damage and redesign management plans for health, safety and environment

There are many indications that oil production has caused or contributed to health problems. A specialized study of health problems in the oil areas is necessary. It is urgent to form a research team to look into this in order to confirm or exclude oil production as a cause of various health problems. If there is a link then this must be addressed as soon as possible in order to avoid more people becoming ill. If there is no link it is also important to obtain and to communicate evidence in order to prevent the spreading of rumours that will worsen relationships between stakeholders.

A specific program to raise awareness on health and safety risks must be set up and implemented as soon as possible.

Environmental damage is obvious. There is need to evaluate this damage and to identify the harmful practices that must be stopped. The assessment team recommends, first, an environmental audit related to oil production in all oil fields. On the basis of this audit, measures for clean-up need to be designed and implemented. Second, communities whose livelihood was affected through environmental damage need to be compensated. Third, harmful practices must be stopped immediately. The special committee on natural resources and mining of the National Legislative Assembly should see to it that the Ministry of Petroleum and Mining, perhaps assisted by the National Petroleum and Gas Commission, takes care of these tasks.

In order to make sure that environmental and social impacts will be minimized in future it is recommended the existing (but undisclosed) EIA be updated. With the introduction of new and more comprehensive Environmental and Social Impact Assessments (ESIAs) the possible environmental and social impacts should be identified. On the basis of such new ESIs the oil companies must be obliged to redesign their Environmental Management Plans as well as their Health and Safety Management Plans.

3. Design and implement appropriate compensation measures for losses and suffering during the war and CPA period

The CPA introduced the principle of compensation for people whose rights have been violated as a consequence of the oil contracts and thus by the signatories of those contracts: the companies and the government. So far this principle has not been put into effect. Companies and the government do have the moral obligation to offer compensation for losses and suffering prior to the CPA period. It is worth returning to this principle and developing a suitable approach for its implementation. It is suggested that a commission be created to deal with compensation for the negative impacts of the past. The mission of this commission would be to:

- evaluate losses of land and resources for which compensation has not yet been paid;
- re-evaluate the losses of land and resources for which compensation has been paid;
- document the violence and suffering inflicted on the communities;
- design, through consultation with the victims, appropriate compensation measures and implement these measures without delay;
- monitor the government's implementation of these compensation measures.
- Funding for this compensation should come from the companies. This would start a trust-building process and eventually create the foundation for the development of a more constructive relationship between communities and the companies, which is a precondition for sustained oil production and sustainable development.

4. Improve basic services and support community-based development initiatives

Several groups of interviewees stated that there is too much talking but no action. Communities and in particular deeply frustrated young people will not open up to constructive engagement unless some sort of tangible development takes place in the very near future.

It is recommended that development actors at county level sit together and discuss priorities and start implementing projects in order to improve conditions for people's livelihood in all oil-producing counties. Integrated and coordinated actions could come out of these meetings, designed to improve livelihoods, water, education, access to small-project funds, mobilization and capacity-building at grassroots level.

5. Start a consultation process and take steps to come to a community development agreement in new sites

Thiangular and other new oil development sites (including Jonglei) are places where stakeholders can have a 'fresh start' and learn from, and thus avoid the problems of the past. It is urgent to start serious consultations, which will involve providing essential information, facilitating reflection, and planning at community level – taking people's own vision of development into account – as well as concrete steps to improve livelihoods. This consultation process should be inspired by best practice from other countries and existing guiding frameworks such as 'Free, Prior and Informed Consent' (FPIC) or Community Development Agreements (CDAs).⁴⁷

6. Create space for creative thinking on more inclusive and responsible oil and mining operations

The challenges in South Sudan are huge and adequate solutions will be difficult to design and to negotiate immediately. However, it is possible to engage experts, decision-makers, researchers and spiritual leaders in processes of creative thinking. These processes could look into particularly difficult aspects of the relations between the key stakeholders in oil and mining: community consultation and consent, compensation and resettlement, creation of business opportunities in the context of oil production, etc.

Cordaid and the partners associated in this assessment are convinced that a constructive dialogue between communities, state institutions and oil companies is possible, if backed up by the right type of financial, organizational and technical support. Such dialogue is essential in order to prevent further deterioration and conflict and will be a meaningful contribution to sustainable development in the oil-producing areas as well as South Sudan as a whole.

ANNEX I – WORKING GROUP RESULTS AND RECOMMENDATIONS

Workshop for the validation of the baseline study on impact of oil business on communities in Upper Nile and Unity Melut town, 6 – 7 December 2013

Recommendations from women representatives:

We kindly urge the oil companies, our government (and civil society partners) to:

1. Consult us before they start their work;
2. Remove/re-inject the toxic waste water and clean the areas;
3. Provide more employment for our idle youth in all the payams of Melut county;
4. Construct public toilets in the hospitals so that people do not have to bring their stools from home;
5. Not only construct hospitals and schools, but also train and provide qualified doctors, nurses, midwives and teachers;
6. Provide primary and secondary education for girls and adults/elders who cannot read or write;
7. Establish local office for community relations and handling of grievances;
8. Provide clean drinking water in a way that it reaches all villages in Melut county;
9. Provide support for a place where women can meet and discuss;
10. Clarify the names of production facilities.

Recommendations from religious leaders:

We kindly urge the oil companies, our government (and civil society partners) to:

1. Deliver education, by constructing schools, training teachers, providing more generous incentives, and let people of the area be trained by companies in practical skills;
2. Provide quality health services, by supporting hospital workers, look for good doctors and supply the right type of medication of communities and vaccinate people;
3. Consult all people in the oil-affected areas; oil production should not go ahead if there has been no serious consultation;
4. Use the native names of our areas and villages (instead of referring to the company-generated names of oil field, e.g. Pabuny instead of Moleeta);
5. Inform everyone how the compensation system works and what it is based on. When compensation is given, there should be full transparency, e.g. provide receipts or other documentation/evidence;
6. Urgently improve the water supply. We do not want to rely on water tankers that come irregularly and only bring water to villages along the main road. Instead we are requesting for a water supply system with pipes that connect all villages;
7. Properly connect the whole town of Melut to the electricity system, reducing the risk of people connecting wires themselves causing unnecessary deaths (this year 2 persons).

Recommendations from chiefs and elders:

We kindly urge the oil companies, our government (and civil society partners) to:

1. Until there has been proper consultation of our communities and preparation of the new sites, we reject the re-location of any payams;
2. Supply piped drinking water to all villages and payams in a systematic manner;
3. Connect the main villages in Melut county by good roads;
4. Close all dug holes and ponds, to avoid more children and cattle drowning (as has happened in Paloich several times);
5. Provide a bus with maintenance to transport students who are living far from their schools;
6. Provide good quality education and health services (by NGOs) with adequate and well-trained staff;
7. Develop a good and fair compensation system that is made clear to everyone;
8. Conduct a census in Thangrial, so that we know how many people exactly are living in the area where the refinery will be built and how they will be compensated;
9. Build and open a labor office in Melut town to provide more employment for locals (70%; 10% for each payam);
10. Build accommodation for the chiefs who are invited to attend meetings in Melut town;
11. Increase the payment for nurses in hospitals and teachers in schools;
12. Provide water and electricity to the whole town; connect all payams by good road network;
13. Provide compensation to the people whose villages have been destroyed;
14. Provide compensation for our cattle and goats that fell in the holes and died;
15. Clean up the toxic water which is now flowing through the bush and can spoil the Nile water;
16. Supply tractors for cultivation;
17. Provide a vehicle to each payam to transport people who have fallen ill.

Recommendations from youth representatives:

We kindly urge the oil companies, our government (and civil society partners) to:

1. Urgently conduct a health scan of all people in Melut to check the impact of oil production;
2. Compensate all families that were displaced or otherwise affected by oil drilling. Review the compensation scheme and the way it was done;
3. Improve community awareness on health, safety and environmental risks related to oil production;
4. Increase employment opportunities for Melut youth (preferably 60%) rather than hiring outsiders for jobs that can be done by locals (incl. cleaners, drivers, assistants, etc.);
5. Strengthen and re-activate the youth associations;
6. Seriously discuss training and scholarship opportunities for further training;
7. Place sign posts near dangerous sites in a language or with pictures that can be clearly understood by communities;
8. Close all holes and ponds that have been dug and have led to the death of children and cattle;
9. Provide fair and acceptable compensation to the families of the children who drowned in the holes dug by the companies;
10. Stop re-location until there are clear re-location plans and preparation is done according to international standards;
11. Replace the water tankers by a more inclusive system of water pipes connecting all villages;
12. Stop random and other inefficient drilling techniques; companies should follow international standards and best available technologies;
13. Increase NGO programs and efforts for communities in Melut county, as these organizations have experiences in different parts of the world;
14. Share the information discussed in this workshop with all relevant decision-makers.

As women, religious leaders, chiefs and youth, we realize we need to unite. We can contribute by praying, educating our communities and cooperate in a constructive and peaceful manner.

NOTES

- 1 This report comprises a summary of the main findings. The full report with more detailed information on the oil-producing counties of Melut, Rubkhona and Koch will be published later in 2014.
- 2 Elke Grawert and Christine Andrä, *Oil Investment and Conflict in Upper Nile State, South Sudan*, BICC brief 48, May 2013, p 18.
- 3 ECOS, *Unpaid debt – The legacy of Lunding, PETRONAS and OMV in Block 5A, Sudan 1997–2003*, The Hague: ECOS, June 2010.
- 4 Interview with Paramount Chief Philip Gieth and others at the Paramount Chief's office in Melut, 23 April 2013. Information on the events and dates was provided during a timeline exercise.
- 5 South Sudan Oil Almanac, *An OpenOil Reference Guide*, 2012, p 16.
- 6 **DPOC**, Dar Petroleum Operating Company (previously PDOC, Petrodar Operation Company), comprising CNPC 41%, PETRONAS 40%, SINOPEC 5%, Tri-Ocean Energy 6%, NILEPET 8%; **SPOC**, Sudd Petroleum Operating Company (previously WNPOC, White Nile Petroleum Operating Company), comprising PETRONAS 67.875%, ONGC 25.125%, NILEPET 8.0% **GPOC**, Greater Pioneer Operating Company (previously GNPOC, Greater Nile Petroleum Operating Company) comprising CNPC 40%, PETRONAS 30%, ONGC Videsh 25%, and NILEPET 5%.
- 7 Cordaid and OpenOil, *Extractives in South Sudan*, Briefing note, The Hague, 2012, p 1.
- 8 Reuters, 'South Sudan raises oil output to 240,000 bpd, most since shutdown', Juba, 20 September 2013. <http://www.reuters.com/article/2013/09/20/southsudan-oil-idUSL5N0HG37020130920> (accessed 28 October 2013).
- 9 For more information about Cordaid in South Sudan, please visit our website: www.cordaid.org
- 10 PRA is a methodology of learning about rural life and the particular environment of a community from and with the people. It is based on the principle that local people are creative and capable and can do their own investigations, analysis and planning. This interactive approach not only has proved its effectiveness in other contexts, it was necessary because a number of communities clearly expressed their weariness at responding to researchers' questions.
- 11 <http://www.goss-online.org/magnoliaPublic/en/Business-and-Industry.html> (accessed 30 September 2013).
- 12 <http://www.radiomiraya.org/index.php/south-sudan-news/9410-minister-optimistic-about-petroleum-act#gsc.tab=0> (accessed 30.09.2013); South Sudan Oil Almanac. *An OpenOil Reference Guide*, 2012, p 44ff. Available at http://wiki.openoil.net/index.php?title=South_Sudan_Oil_Almanac_v.0.9.
- 13 Global Witness, *South Sudan's Oil Governance Framework*, A Briefing for CSOs, June 2013, p 1.
- 14 Elke Grawert, *Oil Investment and Conflict in Upper Nile State*, Bonn: BICC, 2013, p 30.
- 15 Interview with Paramount chief Philip Gieth and others at the Paramount chief's office in Melut, 23 April 2013. Information on the events and relevant years were provided during a timeline exercise.
- 16 Angelia Sanders, 'Sudan and South Sudan's Oil Industries: Growing Political Tensions', Report, Norfolk, VA: Civil-Military Fusion Centre, 2012, p 3
- 17 Reuters, 'South Sudan raises oil output to 240,000 bpd, most since shutdown', JUBA, 20 September 2013.
- 18 Koch County Education Department, '2012-2013 Koch Education General Report'.
- 19 <http://www.britannica.com/EBchecked/topic/571533/Al-Sudd> (accessed 19 July 2013).
- 20 *Statistical Yearbook for Southern Sudan 2010*, Southern Sudan Centre for Census, Statistics and Evaluation.
- 21 IOM, Village Assessment Survey, *County Atlas*, 2013, p 1.
- 22 <http://nilepetsouthsudan.com/Business/>
- 23 Hereward Holland and Alexander Dziadosz, 'FACTBOX – Sudan and South Sudan oil payment dispute', Thomson Reuters Foundation, 26 July 2012.
- 24 South Sudan Bureau for Community Security and Small Arms Control, South Sudan Peace and Reconciliation Commission, UNDP, South Sudan community consultation report, Unity State Juba, 2012, 26
- 25 '5th Sudan Population and Housing Census 2008', in *Statistical Yearbook for Southern Sudan 2010*, Southern Sudan Centre for Census, Statistics and Evaluation, p 12.
- 26 'In fact, the hospital was built by the Unity State government, but because authorities failed to provide any medical staff or equipment, the facility was leased to Chinese investors. With departments in surgery, orthopedics, gynecology and obstetrics, the China Bentiu hospital houses x-ray equipment, an ultrasonic imager, an electrocardiogram monitor, and other modern apparatus', The Niles, 2011. <http://www.theniles.org/articles/?id=699> (accessed 2 October 2013).
- 27 During the validation exercise in December 2013 the assessment team noticed that the old water tanks had been replaced in a number of locations in Melut county.
- 28 <http://www.petrodar.com/content.php?GL=4&PL=17> (accessed 6 October 2013).
- 29 Interview with Thomas Morris, Paloch Market, 29 April 2013..
- 30 Paul Ekins, Robin Vanner and James Firebrace. *Management of Produced Water on Offshore Oil Installations*, 2005.
- 31 Lisa Sumi, *Produced Water from Oil and Gas Production*. [publisher?], 2005.
- 32 Interviews in Fadiet and Pabony (Moleeta). Interview with Richard John Sebit in Kuotyuumnom, 2013.
- 33 Observation in Fadiet Village 27 April 2013
- 34 Observation in Kuotyuumnom, 2013.
- 35 Reimund Reubelt, *Sudan: Sign of Hope responds to oil company's reaction*, 2009
- 36 ECOS, *Oil Development in Northern Upper Nile*, 2006, pp 21, 22.
- 37 Interview Richard John Sebit, 2013.
- 38 'Oil producing areas demand better services and safety', *Sudan Tribune*, 27 December 2012, <http://www.sudantribune.com/spip.php?article45000> (accessed 29 October 2013).
- 39 Interview Francis Ayul, 2013.
- 40 Elke Grawert, *Oil Investment and Conflict in Upper Nile State, South Sudan*, Bonn: BICC, 2013, p 30.
- 41 An Environmental Impact Assessment (EIA) or an Environmental and Social Impact Assessment (ESIA) is a procedure to ensure that environmental considerations are included in decisions regarding projects that may have an impact on the environment. Simply defined, the EIA process helps identify the possible environmental effects and how those impacts can be mitigated. On the basis of these assessments an Environmental Management Plan can be drawn up with detailed steps to prevent and mitigate negative impacts. It seems that the oil companies have carried out EIAs but these are not available.
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- 43 Leben Nelson Moro, 'Oil Company-Community Relations in Southern Sudan: A Focus on Pariang County', Presentation at workshop 'Social Dimensions of Oil Exploitation in South Sudan', European Coalition on Oil in Sudan, Juba, 27–28 November 2012. 44Leben Nelson Moro, 'Oil Company-Community Relations in Southern Sudan: A Focus on Pariang County', Presentation at workshop 'Social Dimensions of Oil Exploitation in South Sudan', European Coalition on Oil in Sudan, Juba, 27–28 November 2012.
- 45 GPOC, *Health, Safety and Environment Handbook*, October 2012.
- 46 For more information on the Ruggie framework, see: <http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework>; for more information on the global oil and gas association for environmental and social issues, see: www.ipeica.org
- 47 For more on CDA see: http://siteresources.worldbank.org/INTOGMC/Resources/mining_community.pdf (accessed 6 October 2013) and http://www.erdoel-tschad.de/contao/tl_files/veranstaltungen/Presentation_Jeroen%20de%20Zeeuw_Community%20Development%20Agreements.pdf (accessed 6 October 2013).

ABOUT CORDAID

Cordaid is the Catholic Organisation for Relief and Development Aid, with its headquarters in the Hague and country offices in 10 countries. It has been fighting poverty and exclusion in the world's most fragile societies and conflict-stricken areas for a century. It delivers innovative solutions to complex problems by emphasizing sustainability and performance in projects that tackle security and justice, health and economic opportunity. Cordaid is deeply rooted in the Dutch society with more than 300,000 private donors. Cordaid is a founding member of Caritas Internationalis and CIDSE.

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