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brief 48

Oil Investment and
Conflict in Upper
Nile State, South Sudan



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brief 48

Oil Investment and
Conflict in Upper
Nile State, South Sudan

Elke Grawert and Christine Andrä

Acronyms and abbreviations

ABC	Abyei Boundary Commission
AUHIP	African Union High-Level Implementation Panel on Sudan
bpd	Barrel per day
CAADP	Comprehensive Africa Agriculture Development Program
CNPC	China National Petroleum Corporation
CSR	Corporate Social Responsibility
CPA	Comprehensive Peace Agreement
DPOC	Dar Petroleum Operating Company
ECOS	European Coalition on Oil in Sudan
EKH	Egypt Kuwait Holding
EPSA	Exploration and Production Sharing Agreement
FAO	Food and Agriculture Organization of the United Nations
GNPOC	Greater Nile Petroleum Operating Company
GoNU	Government of National Unity
GoS	Government of Sudan
GoSS	Government of Southern Sudan
GPC	General Petroleum Corporation
IGAD	Intergovernmental Authority for Development
JOC	Joint Operating Companies
MPM	Ministry of Petroleum and Mining
NCP	National Congress Party
NEITI	Nigeria Extractive Industries Transparency Initiative
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization
Nilepet	Nile Petroleum Company
NLA	National Legislative Assembly
NPC	National Petroleum Commission
OBC	Operational Base Camp
ONGC	Oil and National Gas Corporation Limited
OSIWA	Open Society Initiative for West Africa
Petronas	Petroleum Nasional Berhad
PDOC	Petrodar Operating Company (short "Petrodar")
SAF	Sudan Armed Forces
SPLM/A	Sudan Peoples Liberation Movement/ Army
SPLA	Sudan Peoples Liberation Army
SPLM	Sudan Peoples Liberation Movement
SPLM-DC	Sudan Peoples Liberation Movement- Democratic Change
SSP	South Sudanese Pound
Sudapet	Sudan National Petroleum Corporation
UNDP	United Nations Development Programme
UNMISS	United Nations Mission in South Sudan
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNSC	United Nations Security Council
WNPOC	White Nile Petroleum Operating Company

Abstract

This *brief* aims to contribute to the study of the relationship between government, oil corporations, and local communities in South Sudan. Its area of study are the oil fields of Blocks 3 and 7 in Melut and Maban Counties, Upper Nile State, the largest oil producing area in the country, which has been less well studied than the older oil areas in neighboring Unity State. The *brief* focuses on the impact of oil investment on local livelihoods and its potential for provoking conflict.

Between 1983 and 2004, oil exploitation had been embroiled with civil war. From the standpoint of communities in the oil areas, this had been a period of violent displacement and atrocities committed by the Sudan Armed Forces, and Sudanese and southern Sudanese militias. The Comprehensive Peace Agreement (CPA) between the Government of Sudan and the Sudan People's Liberation Movement/Army (SPLM/A) of 2005 and the subsequent independence of South Sudan in 2011 might have opened a window of opportunity for local communities to peacefully coexist with the oil companies and participate in oil wealth.

Based on field research in Juba and Melut County in late 2011 and the outcomes of a stakeholder workshop conducted in late 2012, this *brief* attempts to answer two questions:

- Has the relationship between the oil company under review operating in Upper Nile State and the local communities changed after independence of South Sudan, and if so how?, and
- Which initiatives have local inhabitants taken to improve their living conditions in the oil field?

The analysis of the research findings shows that the state has always played a crucial role with respect to the impact of oil investment on communities. Under the rule of the Government of Sudan in Khartoum, there had been a nexus between oil and the civil war in south Sudan. The government used the war to provide free access to oil companies for exploration. This was accompanied by displacement and large-scale killing and, as a war legacy, caused entrenched hostilities and distrust, and led Southern Sudanese to sabotage the Asian-dominated oil companies operating in Southern Sudan. After the return of the displaced people during the interim period after the CPA, land conflicts ensued. There was little transparency in sharing data about oil production, export, and revenues from the oil produced in Southern Sudan despite the fact that according to the Wealth-Sharing Agreement in the CPA revenues were to be divided between the north and the south. This, together with long-lasting quarrels about the Petroleum Commis-

sion, led to continuous disputes about the allocation of oil wealth between the Government of National Unity and the Government of Southern Sudan.

Whilst the oil companies in Southern Sudan remained under the control of the central government, violence disappeared in the relations with the communities during that period. However, the National Security Service continued to mediate between the oil companies and the communities regarding compensation and community development projects. This remained so for some time after Independence. When the Government of the Republic of South Sudan replaced the Sudanese shareholder in the oil companies in late 2011, it handed over community relations to the South Sudanese Security Service—a direct copy of the Sudanese approach of shaping state–society relations, imitating the autocratic model created by the Government of Sudan.

Disagreements escalated after independence of South Sudan in 2011, when the new state became the owner of most of the oil wells. Quarrels over compensation and fees for the use of the Sudanese pipelines culminated in the shutdown of South Sudanese oil production in early 2012 and subsequent armed attacks by the Sudan Armed Forces (SAF) and the SPLA. The study shows that this harsh reaction has its roots in mutual distrust and fear of renewed war on both sides, fueled by the priority spending of oil revenues for armament and the build-up of the SAF and SPLA. This action has pulled both countries into a severe economic crisis.

In analyzing the local conflict, the *brief* reveals the development of different social orders and their ways of accessing resources, providing security, and internal relations of power as a war legacy. It distinguishes between various orders and shows that the links between these orders are the entry point to improving relations between the communities, the oil company, and the state in Upper Nile State and elsewhere in South Sudan.

The study ends with recommendations to political decision-makers, investors, and community representatives on how to tackle structural causes of exclusion and their inherent potentials for conflict. The main proposition is to expand and diversify the local livelihood options which rely mainly on oil revenues towards agricultural development and vocational training in technical, mechanic and construction skills required in sectors linked to the requirements of oil production.

Acknowledgments

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We are indebted to the Chairman of the Committee of Petroleum and Mining of the National Legislative Assembly in Juba, Hon. Henry Dilak Odwar, and to Hon. Pascal Bandindi Ndura. They helped us to get access to the Ministry of Petroleum and Mining (MPM) and the office of the Dar Petroleum Operational Company (DPOC) as well as to the governments of Upper Nile State and Melut County. Special thanks go to Hon. Odwar for making possible a stakeholder workshop in Juba in November 2012, which BICC conducted together with IKV Pax Christi, the European Coalition on Oil in Sudan (ECOS) and the Sudan Council of Churches.

Abdalla Deng Chol advised and assisted us during the field visit in Melut County in 2011 and provided valuable information and assistance during the stakeholder workshop in 2012. We warmly thank him for all his commitment and help.

ECOS was a helpful and critical partner and encouraged BICC to conduct the common stakeholder workshop. Kathelijne Schenkel deserves highest appreciation and thanks for her tireless efforts in organizing the workshop.

We extend our gratitude to the former Field Manager of DPOC, Hago Bakheit, who generously hosted us in the Operational Base Camp and sacrificed much of his time. We are also grateful to the former Commissioner of Melut County, Francis Ayod, and his Deputy Joseph Monybuny Nyok who allowed us to stay in their guesthouse. Further thanks are due to the management of DPOC and the MPM who facilitated the flights for the workshop participants coming from Melut and Maban Counties in November 2012.

Thanks are due to our colleagues Claudia Breitung, Marius Kahl and Wolf-Christian Paes who helped us out in matters large and small during our time in Juba. We also thank Charles Mogga and his family for their generous hospitality extended to Elke Grawert during her stays in Juba.

Furthermore, we thank all our interview partners whose names we list in the Appendix for their patience and readiness to answer all our questions.

Christine Andrä wrote the chapters on oil and conflict and on securing livelihood before she left BICC. Elke Grawert completed the work. Thanks are due to Marie Müller and Lena Guesnet, Dr Douglas Johnson, the anonymous reviewer, and BICC copyeditor Heike Webb whose critical comments greatly helped to improve the text. Errors, mistakes in spelling names and locating places may still occur. These are solely the responsibility of the authors, and we apologize for this.

Elke Grawert and Christine Andrä

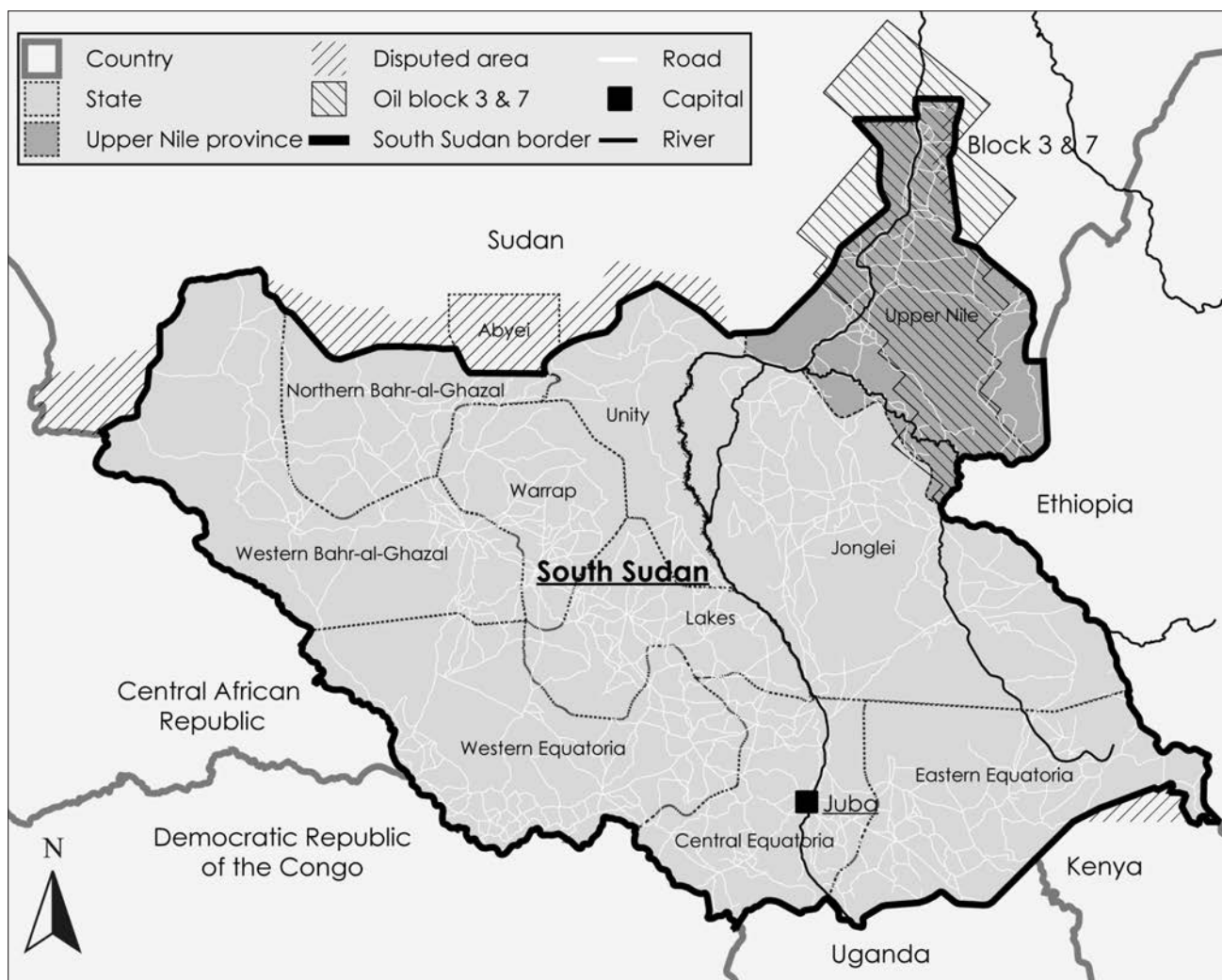
Introduction

Sudan's history of oil production has been a history of violent conflict. Soon after the discovery of oil in the southern region in the late 1970s, the second Sudanese civil war (1983-2004) broke out. Throughout these 21 years, international companies first explored, then produced oil in an area stretching across the borderlands between southern and northern Sudan. The inhabitants of the communities located in the oil fields dealt with the war's impacts in different ways. Many fled to escape the impending violence. Others were violently displaced by the Sudan Armed Forces (SAF) and militias. Some inhabitants voluntarily participated in militant resistance groups and militias, whereas others were forced to join armed groups. Last, but not least, a significant number of community inhabitants of the north-south border areas stayed

on and endured the harsh and risky conditions of war. Between 1.5 (ICRtoP, no year) and two million (ILO, 2012) people lost their lives during the war. Moreover, the war left behind high numbers of war-disabled persons, caused the break-up of families, eroded cultural belonging and social cohesion, and brought about loss of land, livestock, and assets. The Comprehensive Peace Agreement (CPA) between the Government of Sudan (GoS) and the Sudan People's Liberation Movement (SPLM/A) ended the civil war in 2005, and the dispersed population gradually returned to their areas of origin.

In the north-south border areas, returnees to Unity State and Upper Nile State had to face oil corporations, which occupied large areas of the land the

Map 1: The Republic of South Sudan and Oil Blocks 3 and 7 in Upper Nile State



Sources: ECOS, 2007; Geonames, 2012; Natural Earth Dataset, 2012.

Note: The depiction and use of boundaries or frontiers and geographic names on this map do not necessarily imply official endorsement or acceptance by BICC.

returnees had been using before, drilling, pumping, and dumping their oil production waste. Agricultural and livestock production was down, infrastructure minimal and social services negligible. The society was greatly militarized, hence tensions, clashes and small-scale armed conflicts continued to occur in the oil areas after the CPA (cf. Moro, 2012, p. 6, 11–13; Bol, 2012).

During an interim period of six years following the CPA, the newly created SPLM-led Regional Government of Southern Sudan¹ began to establish a semi-autonomous regional state and tried to pacify the post-war society on its territory. The administrative structure of the regional state consists of ten states, for which the regional government appointed governors and set up ministries and legislative assemblies in 2005 and 2006. Within the states, counties—led by commissioners—are smaller administrative units. The Wealth-Sharing Agreement, as part of the CPA, secured the revenues for the regional government, which was supposed to receive 50 percent of the total oil revenues from the Southern Sudanese oil fields after the deduction of two percent for each oil-producing state: Unity and Upper Nile State (cf. GoSS and SPLM/A, 2004). The oil revenues, however, remained under the control of the Government of National Unity (GoNU) in Khartoum. According to the Power Sharing Agreement of the CPA, the National Congress Party (NCP) of President Omar el-Bashir (in power since 1989) and the SPLM received proportionate representation. The NCP received 52 percent of ministries and seats in the national parliament, the SPLM as a junior partner a share of 28 percent, and smaller parties 20 percent. The challenges to reconstructing war-torn Southern Sudan were immense, and at the end of the interim period in 2011, a huge discrepancy in development and infrastructure had emerged between the flourishing capital of Southern Sudan, Juba, and the marginalized rest of the region, which also includes the communities located in the oil fields.

In January 2011, in a referendum held according to the CPA, the Southern Sudanese population decided in favor of secession from Sudan. Upon independence in July 2011, the bulk of the oil wells were located on the territory of the Republic of South Sudan, production capacity amounted to 350,000 barrel per day (bpd) and oil provided 98 percent

of the revenues of the Government of South Sudan (cf. GoSS, 2011). The great support for separation by nearly 99 percent of the Southern Sudanese population (cf. SSRC, 2011) also seems to be a strong vote for better relations between the government and the population and for real participation in the national wealth. It is not far-fetched to interpret this result as a desire to overcome marginalization, displacement, and unregulated oil exploitation at the expense of the local communities.

However, in January 2012, the Government of South Sudan shut down South Sudanese oil production. Reasons were a severe dispute about fees for oil exports from South Sudan through the Sudanese pipelines leading to the harbor of Port Sudan at the Red Sea and quarrels over not completed sections of the CPA between Sudan and South Sudan. The failure to demarcate the border between the two countries, which runs through oil fields and includes the contentious Abyei area, culminated in violent attacks between the SAF and the SPLA along the Sudanese–South Sudanese border in 2011. With involvement of the African Union High-Level Implementation Panel on Sudan (AUHIP), both governments concluded a first agreement in September 2012 about the resumption of oil production and carriage fees. Soon after, the GoS tabled new conditions, linking renewed cooperation in oil exports to the establishment of a 14-mile demilitarized border zone (cf. UN Security Council Report, 2012; AUHIP, 2013). It is doubtful that oil exports will resume soon, taking into account that the two governments blame each other for continued attacks across the border (cf. reliefweb, 3 January 2013; Hollande, 3 February 2013).

There is a considerable body of literature about the nexus between oil and conflict. Most of it lays out the destructive socio-economic impact of oil wealth and traces how—in many oil-rich countries—oil wealth has turned into a “resource curse”. Part of this literature looks into the “cost of conflict”. It reveals under which conditions this nexus would trigger armed conflict and create tremendous social and economic costs if the oil wealth was not thoroughly governed and steered towards feeding the oil revenues into economic diversification and fair redistribution within society (cf. among others, Bannon and Collier, 2003; Collier and Hoeffler, 2005; Patey, 2010). A few studies adopt a local perspective on the resource curse, among them Patey (2010) who investigated the local effects of the resource curse in Unity State in Southern Sudan. He found that there was a high risk of conflict escalation on the regional and national level, but that on

¹ “Southern Sudan” (“Southern” with a capital “S”) denotes the semi-autonomous region created by the CPA in 2005. Before the CPA, the region is termed “southern Sudan” (“southern” with a small “s”), indicating that it was part of Sudan and distinguished from northern, western, eastern Sudan. After independence in July 2011, the new country is termed “South Sudan” in this text.

the local level, the resource curse surfaced in terms of "(l)ow-intensity yet protracted conflict ... in and around Sudan's oil fields" (Patey, 2010, p. 636). This *brief* adds to the studies on oil and conflict as well as to earlier studies on the operations of Asian oil companies in Africa, which set investment in the human rights context. These argue that, where Western companies left oil-rich countries with violent conflicts and human rights violations due to the pressure of Western civil societies, Asian companies stepped in, unfettered by citizens' protests in their home countries (cf. Mawdsley, 2007, p. 415; Tull, 2006, pp. 470–77; Böge et al., 2006). The *brief* takes a look at the relationship between Asian-dominated oil companies and communities in the oil fields. It investigates whether, and in which way, the framework conditions for oil exploitation have changed due to the CPA Wealth-Sharing Agreement and the creation of an independent state of South Sudan, and whether the relationship between local communities and oil companies have changed, too.

Research questions and methodology

Considering the history of violent conflict and its interconnection with oil production in Sudan and South Sudan, the authors of this *brief* posed the following research questions:

- How does oil production, in particular after independence of South Sudan, impact on the communities living in the oil fields?
- How do the oil companies relate to the surrounding population?
- Which initiatives have local inhabitants taken to improve their living conditions in an oil field?

The shutdown of the South Sudanese oil production within the research period led to a further question:

- Can the break in oil production be a chance for a new approach in oil-related relationships between the government, oil companies, and communities?

Four weeks of field research in South Sudan in November and December 2011 provided insights into how community inhabitants living in the oil fields of Blocks 3 and 7 of the Petrodar Operating Company (PDOC)² perceive the impact of oil production on their livelihood. The research also shed light on the

² This was the name of the company operating in Upper Nile State from 2006 until the end of 2011. Under the GoNU, the Sudanese state company "Sudapet" was a shareholder in the Chinese-Malaysian-dominated oil corporation of Petrodar. In 2012, the Government of South Sudan took over these shares through the South Sudanese "Nilepet" and re-named the company "Dar Petroleum Operating Company" (DPOC). In this *brief*, "PDOC" refers to the period until end of 2011 and "DPOC" to the period since 2012.

company–community relations from the perspective of the PDOC management. The role of the government was a third aspect of the research, differentiated according to its levels—the Government of Melut County, the Government of Upper Nile State, and the National Government in Juba. Finally, the research brought to light a few initiatives through which the local population tries to cope with adverse conditions and potential opportunities created by the large-scale oil production.

Applying a model of "social orders"

To analyze the interviews and observations made during the field research the model of "social orders" (cf. Mielke et al., 2011) was used as an approach to understand the communities, the oil company, and the three levels of the state as distinct entities. Statements made in interviews and observations in the field pointed to the links between these entities. The model of "social orders" or similar ones have been used by scholars from social anthropology (Bellagamba and Klute, 2008; Hüsken, 2009), human geography (Schetter and Glassner, 2009; Mielke et al., 2011), and political science (Grawert, 2012) to overcome the limitations of the "fragile" or "failed state" perspective (cf. among many others Schneckener, 2007; Mair, 2004). The fragile state approach sets the state as the main social form of organization of a society and perceives it as being incomplete or dysfunctional in societies involved in long-term violent conflict. Field research in such societies, however, has revealed over and over again that civil wars and entrenched violence hardly lead to chaos and anarchy within societies, as assumed by those who solely apply the state lens. Rather, there were "surprisingly stable organizing principles at different levels of ... society" (Mielke et al., 2007, p. 4)³.

This study applies the concept of "social order", because it is broad enough to consider entities with largely different organizing principles, such as communities, the oil company, the state split into county, state, and national government and, to some extent, armed groups who altogether adopt an "order of violence" (cf. Lock, 2004). Communities in Upper Nile State usually have their own leaders, chiefs and elders who represent tribal sub-groups and have an important role in settling disputes and allocating land and pastures according to customary law, thus maintaining organizing principles in communities. The oil company, on the other hand, has its headquarters in

³ Cases studied were Mali, Libya, Uzbekistan, Tajikistan, Afghanistan, and southern Sudan.

international capitals and operates as an enclave on its operational base camp (OBC) in Upper Nile State. From there, its oil infrastructure extends into the land of the communities. The authors suggest to split the state into components because there are strong inconsistencies between the three state levels, a pattern which Migdal (1994) conceptualized in the "State-in-Society approach". Non-state armed groups have played a less important role in the oil areas of Melut County, but continued to be active in neighboring counties even after the CPA, while the SPLA has been highly active in Melut County throughout and after the civil war.

Whereas each of these entities features a particular organizing structure that separates it from the other entities, they also have specific connections. Individuals move between the different social orders for various reasons and at different times. Moreover, there are more or less well-established formal and informal links between these orders, which, however, are not tight enough to consider the setting as a single, unified, integrated, or consistent order. For various reasons, including oil-related issues, interaction of the social actors from each entity creates the links between various social orders. The oil-related issues include displacement and a change in the use of land, infrastructure and services, pollution, employment opportunities and unfulfilled or pending expectations, the use of oil revenues by the state at its different levels, and oil-related policies. This *brief* focuses on these links between the Dar Petroleum Operating Company, communities, and state components after independence of South Sudan.

Participants in a stakeholder workshop with actors from these very social orders used the model of social orders as a guide to discuss the relationships between them. The model of social orders, drawn as a simple sketch on a large sheet of paper, became the basis for groups of workshop participants to identify the links between these orders from their different and partly contradicting perspectives. This greatly helped to clarify the causes for local conflicts. The exercise showed that this model is by no means abstract and theoretical, but helpful in structuring a controversial discussion among social actors with conflicting interests.

The European Coalition on Oil in Sudan (ECOS) and BICC organized this workshop on the social dimensions of oil exploitation in South Sudan in November 2012. Invited community leaders, representatives of the oil companies of Unity, Upper Nile, and Jonglei

State, representatives of county and state governments of Unity and Upper Nile States and of the national government (ministries and legislative assemblies) attended and gave feedback on this study and related studies commissioned by ECOS. This *brief* has benefited greatly from new insights and updates received during the workshop.

Structure of the brief

Chapter 1 provides the research methodology which includes details of the field research and the stakeholder workshop and gives an outline of the analytical approach. To gain a broader and deeper understanding of local-level conflicts related to oil investment, Chapter 2 of this *brief* takes a historical perspective on the political economy and its repercussions in Upper Nile State during and after the civil war until the first year after independence of South Sudan. Chapter 3 presents the livelihood options and their changes due to oil production near communities in Upper Nile State. Against this background, Chapter 4 assesses conflicts and conflict potentials by applying the model of social orders and looking into reasons, resources, forms, and dynamics of conflict. A table systematically shows the results of this analysis. The conclusion highlights the links between the social orders of communities, oil companies, and state components as entry points for changing the relations between the different oil-related actors.

The *brief* addresses policymakers in South Sudan, oil companies, community leaders, civil society activists as well as international agencies who aim to change the relationship between communities, oil companies and state components towards negotiations in dealing with the oil-related conflicts in South Sudan and possibly, beyond.

1

Methodology



The oil extraction areas operated by the Dar Petroleum Operating Company (DPOC) in Blocks 7 and 3 are located in the counties of Melut and Maban in Upper Nile State, South Sudan (see Map 2). The authors undertook a field visit to these counties in late 2011, during which they witnessed the last phase of operation of Petrodar Operating Company (PDOC). At that time, PDOC included not only the main shareholders China and Malaysia, but also the Sudanese state company of Sudapet, and oil production in South Sudan stood at its ever-highest level of 350,000 bpd. The field research allowed the authors to gain an overview of the constellation between selected communities in Melut and Maban Counties, the oil company, and the county government of Melut, while PDOC was still producing oil. Soon thereafter, the shutdown of production by the Government of South Sudan in January 2012, the replacement of Sudapet by the South Sudanese state company of Nilepet, and the dismissal of the Sudanese management in favor of South Sudanese managers changed the situation completely.

Field research

In preparation of the field visit, the authors conducted a desk study, focused on the history of oil production in Sudan and the rare studies on oil production after the Comprehensive Peace Agreement (CPA). They undertook field research in South Sudan between 14 November and 11 December 2011 using methods of qualitative social research. Seeking to achieve a maximal structural variation of the perspective (cf. Kleinig, 1982), they collected the views from individuals and groups relating in most different ways to oil production and having most different roles in it (cf. list of interview partners in the Appendix). Information on the relationship between PDOC and local communities was collected from key informants in Juba, the capital of South Sudan, in Upper Nile State where, unfortunately, attempts to meet the Governor failed, and in the oil fields of Melut and Maban Counties. The researchers spent nearly two weeks visiting five communities (including two towns) in Melut and one community in Maban County. They discussed the first findings with informants in Juba and complemented them by conducting further interviews for another three days. After their return, the authors continued the literature review and analyzed the findings from field research.

The guiding questions during the field study were the following:

- Which community development projects does PDOC provide, and what impact do they have?
- How do individuals and groups deal with the changes related to oil production? Do they organize themselves to defend their interests?

The researchers asked further questions on the local livelihood conditions, the contacts between PDOC and the local communities, the role of the local government, and about the recent history and conflicts (cf. interview guidelines in the Appendix). They made observations during a four-day-stay in the Operational Base Camp (OBC) of PDOC and while visiting the oil production sites, the communities and the towns of Melut and Paloic. By staying on in the PDOC manager's office before or after interviews as well as when taking meals in the OBC's refectory, the researchers were able to observe the interaction between the field manager, workers, and local inhabitants. Another opportunity to observe the relationship between local inhabitants, politicians, and community leaders, and the workers and management of PDOC presented itself when the researchers were invited to participate in a festivity sponsored by PDOC in Paloic.

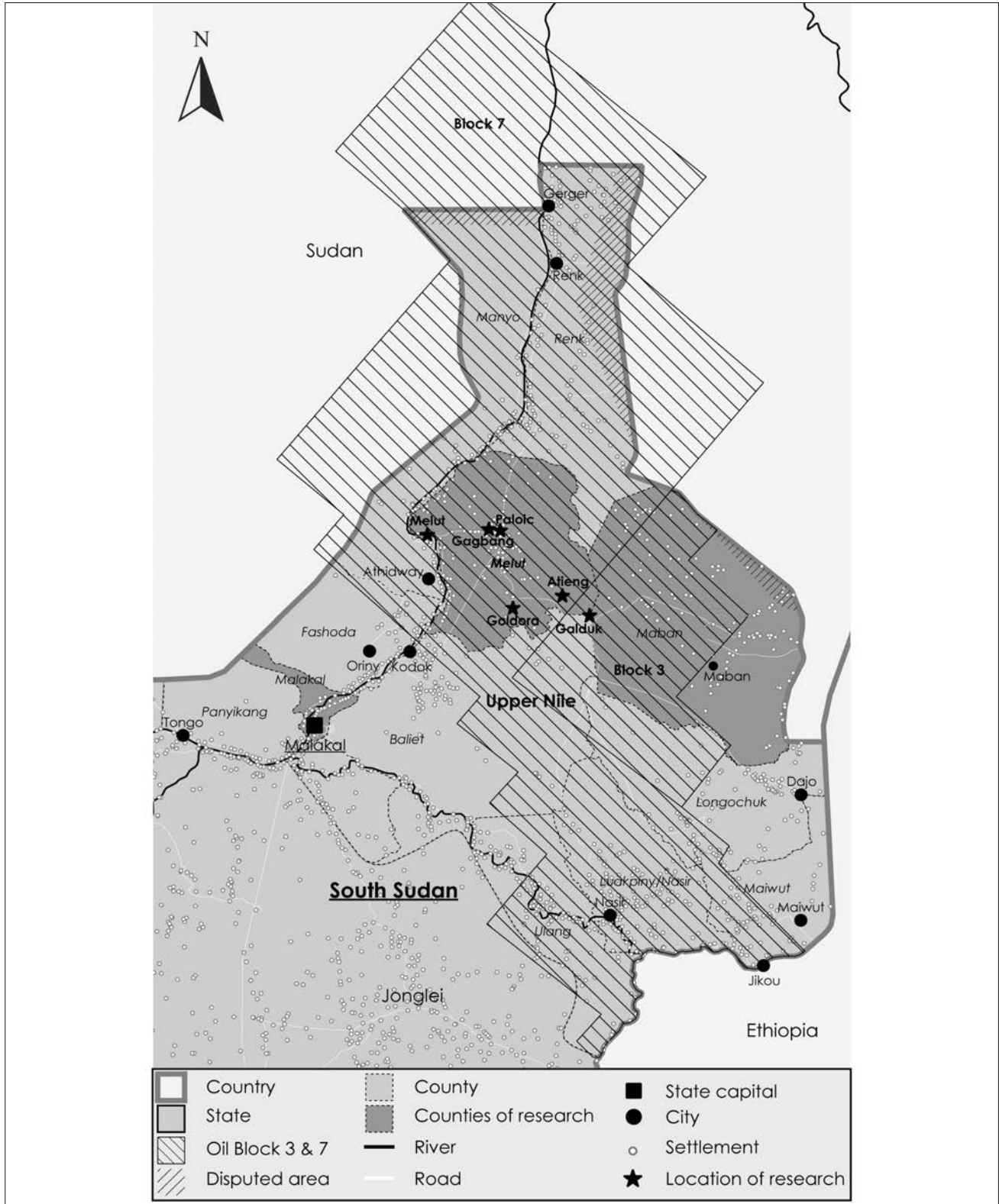
Through this first part of the field research, the authors learned about PDOC's attitude towards the local population and its relationship with the different levels of the Government of South Sudan. After moving from the OBC to the Commissioner's guesthouse in Melut town, the researchers conducted interviews with the assistance of a local social anthropologist, Abdalla Deng Chol. Besides the two main towns, the researchers moved to four communities, selected according to

- age of settlement: an old settlement (Goldora [Arabic: *Khor Adar*]), and a recent one (Galduk [Arabic: *Hila Jadida*]);
- distance from oil waste ponds: very near (Gagbang); far: (Goldora and Atieng [Arabic: *Kilo Ashara*]);
- ethnic background of inhabitants: Dinka in three settlements; Nuer and Maban in Galduk, which is located near Block 3.

The team conducted group interviews with local chiefs⁴ and elders, youth and men in all these communities. In Goldora, they also met SPLM veteran fighters,

⁴ Chiefs are community leaders who, frequently, also are heads of tribal sub-sections, with functions in local conflict settlement and land allocation.

Map 2: Oil Blocks 7 and 3 in Melut and Maban Counties, Upper Nile State



Source: BICC/ Upper Nile State Map; UN OCHA, 2012a. **Note:** The depiction and use of boundaries or frontiers and geographic names on this map do not necessarily imply official endorsement or acceptance by BICC. BICC added the four villages visited during field research and the location of Oil Blocks 7 and 3. Neither the UN OCHA map nor the locations of the villages are geographically accurate. © BICC

a SPLM women's group and a SPLM youth group. In Galduk, they talked to a group of Nuer men and youth, and in Gagbang to a small group of women. These encounters lasted between two and four hours. After the interviews, the researchers answered the groups' questions, which sometimes led to further discussions providing deeper insights in the local settings. Most of the interviews in the communities were conducted by the Senior Researcher in simple Arabic, sometimes the assistant translated between Dinka, Arabic, and English. He also introduced the researchers to relevant persons, helped create an atmosphere of trust, and provided background information on aspects which evolved during the interviews and field observations. Some of the local communities expressed their disappointment at having been subject to frequent research before with no visible results. The researchers took care to make the aims of the research clear and to ensure that no hopes of future development projects were mistakenly raised with the communities. Most of the field research was conducted in Melut County. Therefore, only limited information about Maban County is given in this *brief*.

Back in Juba, one of the researchers conducted a detailed interview with the Vice President of PDOC who gave valuable feedback. The researcher also shared the first findings with three members of the National Legislative Assembly (NLA). These discussions led to the suggestion of organizing a stakeholder workshop in 2012.

Data analysis

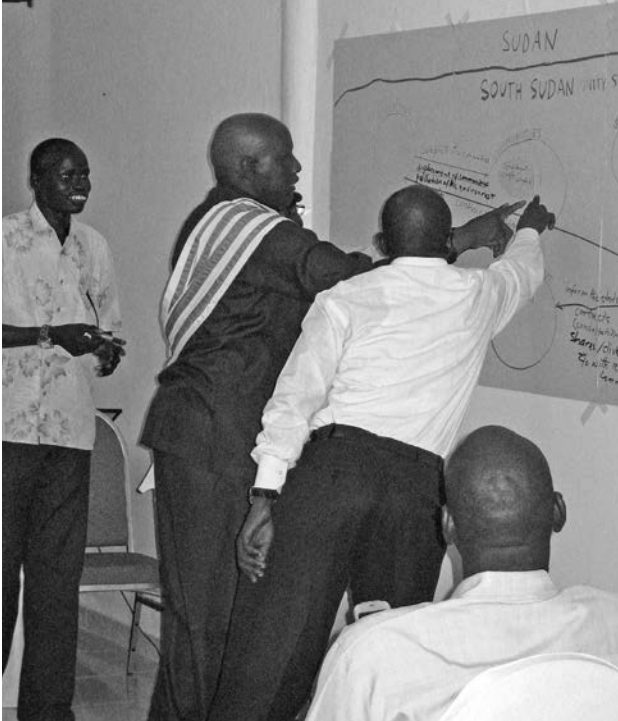
The researchers transcribed the interviews and processed them into a template analysis using the Weft QDA program⁵. They thoroughly discussed the template and re-arranged it according to themes brought to the fore in the interviews. From this analysis, they identified the local population's main ways to make a living as well as the main conflict lines in Melut County as they were in 2011. This *brief* includes some findings presented as case studies to illustrate and highlight key characteristics of the livelihood conditions, ways of dealing with the impact of oil investment, and forms of conflict at the research sites. Further reading greatly helped to put this analysis into a historical, political, social, and economic context. Nevertheless, due to the short period of field research, several questions remained open.

Stakeholder workshop

Originally, the researchers had planned a second field research phase. Yet after the shutdown of oil production in early 2012 and due to the armed attacks at the border near the oil fields, the researchers canceled this plan and reverted to holding a stakeholder workshop instead. This workshop was a joint undertaking of BICC, European Coalition on Oil in Sudan (ECOS), and the Sudan Council of Churches (SCC). It was implemented with much support of Hon. Henry Odwar, the Chairman of the Committee of Petroleum and Mining of the NLA, and took place in Juba on 27 and 28 November 2012 under the heading "Social Dimensions of Oil Exploitation in South Sudan" (cf. Program in the Appendix). About 80 persons attended, amongst them representatives from the Government of South Sudan (Ministry of Petroleum and Mining, Ministry of Environment, Members of the National and State Assemblies, Commissioners and Ex-commissioners), SPLM Leaders, Chiefs from three oil field counties, Field Managers and Vice-Presidents of three oil companies, and a few representatives of the Church, South Sudanese NGOs, international NGOs, and academics (cf. List of Participants in the Annex). The Minister of Petroleum and Mining, Hon. Stephen Dhieu Dau, opened the stakeholder workshop, and the Director General of Energy, Mohamed Lino Benjamin, highlighted details of the Petroleum Act of 2012, endorsed in September 2012.



⁵ cf. <<http://www.pressure.to/qda/>>.



After the group discussions, one head chief of each state, one representative of the oil corporation of each state, and one commissioner/ acting commissioner from each oil area presented their perceptions of the oil problem. Interviews with the former Field Research Assistant Chol and local leaders from Melut and Maban Counties after the workshop added to the information collected earlier (see List of Interview Partners in the Appendix). Besides this, the workshop participants clarified some open questions related to the livelihood patterns in Upper Nile State. Most of the field research findings were confirmed during the workshop discussions, and the additional insights from the workshop were included in this *brief*. In this sense, the stakeholder workshop was a further methodological approach towards understanding the impact of oil investment on communities in northern Upper Nile State.

The workshop provided the stakeholders with information about four research projects of Sudanese academics commissioned by IKV Pax Christi/ ECOS and the research conducted by the BICC team in Upper Nile State. It provided a forum for feedback on the research results, discussion, exchange, and clarification of the contradictory interests related to oil exploitation.

The participants' feedback provided some updated information, and an intensive group discussion on the relationships between communities and oil corporations, county, state and national government brought insights beyond the field research. The participants were divided into two groups: one consisted of members from Unity State, the other from Upper Nile State. Each group worked on the links between communities, the oil corporation, state components at the levels of county, state and central government, the United Nations and aid agencies, and possible other actors, as they felt fit. The division into two groups made it possible to shed more light on the concrete issues relevant in each of the two major oil production sites. The stakeholders within each group discussed the controversial issues and relationships among each other, including questions of damages, compensation and development (for the work of the Upper Nile State group, see photograph of wall sheet in the Appendix).

2

Oil and conflict in South Sudan



Oil and conflict in South Sudan: Past, present, and future

Offshore oil exploration off the Sudanese Red Sea coast started in the 1950s (Moro, 2008, p. 82). In 1974, the US-American company Chevron Overseas Petroleum was the first company to be granted a concession for onshore oil exploration in Sudan. It operated in the Muglad basin, which is located in what today is Southern Kordofan State, Sudan, and forms Concession Block 2 (see Map 2, p. 13). Chevron discovered the first oil source in southern Sudan north of Bentiu and started production in 1978 (today, the area forms Concession Block 1 and lies in South Sudan's Unity State). In the context of the second Sudanese civil war (1983–2004), Chevron left the country in 1984 and Chinese- and Malaysian-dominated oil consortia came in to further explore and take over oil production in the already existing oil plants. The GoS used the civil war as a pretext to clear those southern Sudanese areas where the companies had discovered oil or expected to find it from their inhabitants. The first Sudanese oil was shipped to the international markets in 1999. From then onwards, the GoS used the oil wealth to fund the war. After the Comprehensive Peace Agreement (CPA) of 2005, oil exports grew rapidly and in 2010 reached a peak of nearly 500,000 barrels per day (bpd). The present-day impact of oil investment on the communities in Upper Nile State can only be understood against this historical background. Therefore, in the following, Sudan's oil politics and the grievances it created in southern Sudan, the behavior of the oil companies, the oil-related provisions of the CPA, and the nexus between oil production and conflict will be described.

Oil politics and oil grievances

Sudan's first oil-related law dates back to 1972 and the military rule of Jaafar el-Nimeiri. The "Petroleum Resources Act" of 1972 stipulated that all petroleum found on Sudanese territory was the property of the state. Oil companies could receive the status of a leaser with the exclusive right to oil exploitation. When Chevron started to operate in Sudan in 1975, Nimeiri added a clause to the Petroleum Resources Act which provided the Minister of Energy and Mining with the authority and full flexibility to conclude agreements with oil companies. Furthermore, the GoS established a commercial institution, the General Petroleum Corporation (GPC), which the GoS provided with sufficient capital under the Public Petroleum Corporation Act in 1976. Ten years later, it created a regulatory institution, the Geological Research Authority under

the Geological Research Authority Act (1986). The GPC became the minority partner in the Exploration and Production Sharing Agreement (EPSA) concluded between the Minister and Chevron. As minority partner, the GPC did not bear any payment obligations while, as the majority partner, Chevron paid for all investments. In return, Chevron received very attractive conditions: The EPSA foresaw that once Chevron had recovered the investment sum, the oil company would keep a certain—previously agreed upon—percentage of the "profit oil". The GoS exempted imports of equipment for oil production from customs duties and the oil produced from export tax. Moreover, oil companies were granted the right to import foreign currency, to repatriate surplus local currency, and to keep the proceeds from oil sales outside the Sudan. This legislation became the basis for all contracts between the GoS and oil companies. The legal framework was flexible enough to allow the Minister of Petroleum and Mining to conclude any kind of agreements (cf. Mbendi, no year). Later agreements with other oil companies kept the EPSA's idea of "cost recovery oil". The rules for sharing "profit oil", however, were amended in at least one case: The agreements with the China National Petroleum Corporation (CNPC), for instance, included provisions which foresaw the exchange of a portion of profit oil for material goods, among them arms and ammunition (cf. Hsiao and Lin, 2009, p. 27).

The prospect of becoming an oil exporter changed the policies of the GoS not only with regard to oil-related legislation, but also with regard to the administrative set-up of the country. During the first Sudanese civil war, which had been raging between the GoS and the southern Sudanese Anyanya I liberation army since the early 1960s, Nimeiri had seized power through a coup d'etat in 1969. He ended this civil war with the Addis Ababa Agreement of 1972, which provided southern Sudan with a semi-autonomous government ruling over the unified Southern Region. However, the oil discovery near Bentiu in the north of this region led the GoS to try and tighten its control over the oil area, which in turn sparked massive dissatisfaction among the southern Sudanese population. Nimeiri redrew the borders between southern and northern Sudan to create "Unity Province", which stretched from the oil fields in southern Kordofan to the Southern Region. Furthermore, Nimeiri decided to build a refinery in Kosti on the shores of the White Nile in northern Sudan. If, to the contrary, the GoS had constructed the refinery on southern territory, for instance in the oil area near Bentiu, the government of the Southern Region could

have collected export incomes and taxes (cf. Sudan Update, no year). The GoS deployed troops consisting of northern Sudanese soldiers in the Southern Region, where they increasingly harassed local inhabitants during the early 1980s. In 1983, Nimeiri divided the Southern Region into three parts, one of which was Upper Nile Region and included the oil fields of the former western Upper Nile Province. The local grievances created by these decisions constituted part of the motives for the consolidation and support of the Anyanya II guerilla movement. When, in 1983, part of Anyanya II moved into Bentiu district and claimed that they had come to protect southern Sudan's oil field (cf. Johnson, 2011, pp. 59–60), this started off the second civil war. Only in 1997, after the GoS (under President Omar el-Bashir—1989–present) had decentralized the administration of Sudan and divided Upper Nile Region into Upper Nile State, Jonglei State and Unity State, did the oil-rich “Unity State” become a separate administrative unit.

In 1983, John Garang, who had been an army officer in the Military Research Unit in the capital of Sudan, defected and joined the scattered Anyanya II guerilla groups in the Sudan People's Liberation Army (SPLA). He attached a political wing to it, the Sudan People's Liberation Movement (SPLM). The SPLM Manifesto of 1983 addressed the failures of the Addis Ababa Agreement and its implementation, the oil policy of the GoS and Nimeiri's attempts to redraw the borders between northern and southern Sudan to have oil fields located in northern Sudan. It repudiated the fact that the original plan of building a refinery near Bentiu had been dropped, and opposed the decision to build an oil pipeline of more than 1,000 km length to Port Sudan at the Red Sea in the north. The Manifesto also condemned the neglect of southern Sudanese development and claimed that the GoS had marginalized the south deliberately. Moreover, it accused the GoS of not having taken care of the livelihood of most of the Anyanya I ex-combatants and of having failed to integrate them properly in the SAF (cf. Johnson, 2011, pp. 61–64). The aim of John Garang was a “New Sudan”, in which all marginalized regions of Sudan would be integrated and enjoy equitable development. Yet, to succeed, it would have been necessary to unify the various southern Sudanese militant forces. This turned out to be impossible, for there were several local warlords of the Anyanya II, often organized along ethnic lines, who preferred to fight for various particularistic interests in southern Sudan. The persistence of these militant groups became a constant threat, not only to the SPLM/A, but also to the southern Sudanese population.

In 1985, a popular uprising pushed Nimeiri out of power, and a one-year transitional government was followed by a short democratic interlude. In 1989, Omar el-Bashir led another military coup d'etat and toppled the elected government. Under his rule, the nexus between oil production and civil war intensified and endured until 2005, when the peace negotiations between the GoS and the SPLM/A successfully ended the north–south civil war.

Oil investment

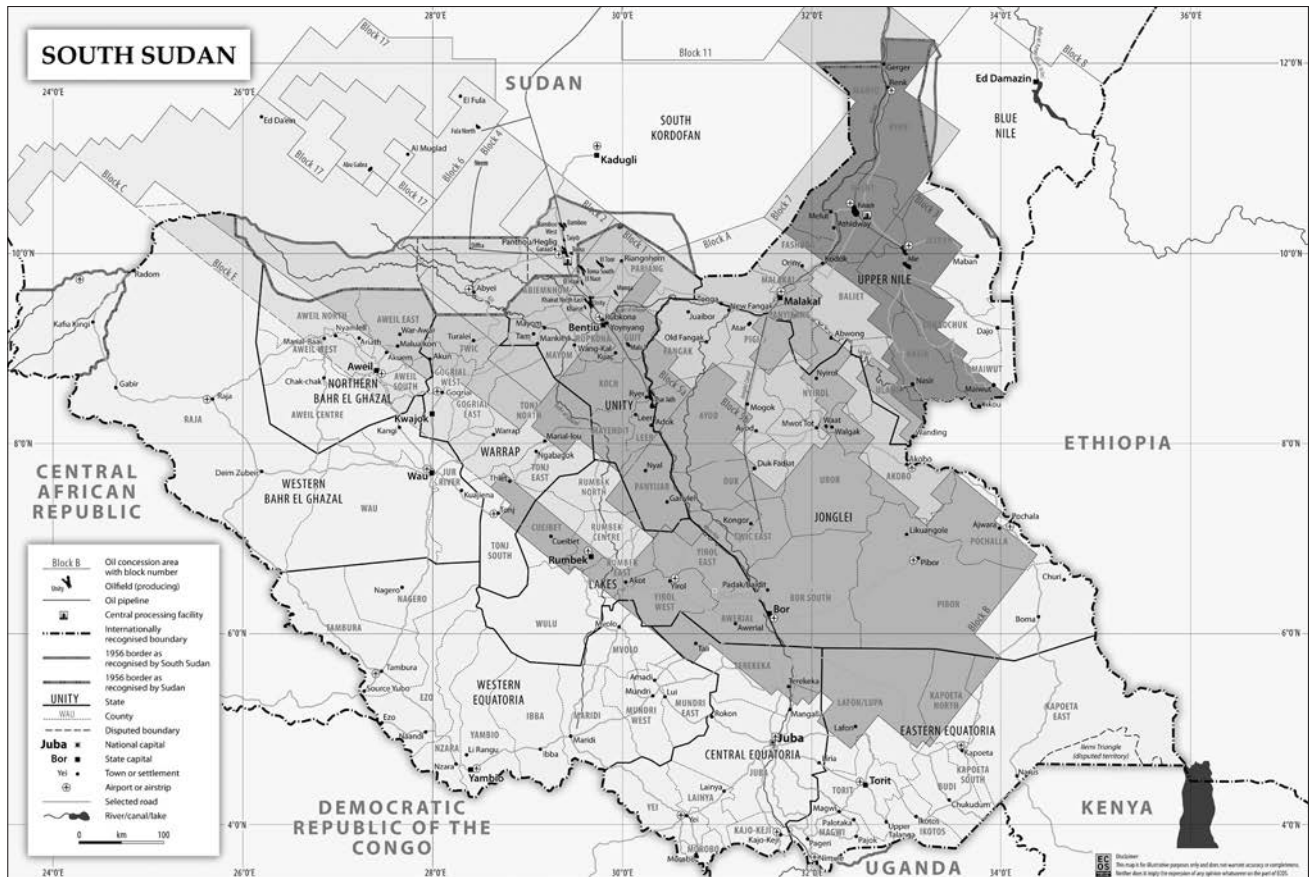
In the tense environment of the 1970s and 1980s, Chevron invested more than US \$900 million into oil exploration but payoffs were scarce (ECOS, 2006, p. 11; Moro, 2008, p. 128). When rebels killed three of its expatriate employees in the early stages of the civil war in 1984, Chevron terminated all operations in Block 1 north of Bentiu. It pulled out of its other concession areas in Sudan altogether in the early 1990s (ECOS, 2006, p. 11; Goldsmith et al., 2002, p. 222). Arakis Energy—under the Canadian Talisman Energy Inc.—resumed oil production for domestic purposes in Block 2 around Heglig in 1996 (Moro, 2008, p. 149). In 1997, the United States imposed sanctions against Sudan, thereby prohibiting any further involvement of US-American companies in the Sudanese oil sector (Patey, 2006, p. 15).⁶ Other Western oil companies entered the sector in the 1990s⁷, but left again in the early 2000s, among them, in 2003, Arakis. Today, the Swedish Lundin Petroleum is the only Western oil company to have remained in Sudan (ECOS, 2010, 2010a; Moro, 2008, p. 149; Patey, 2006).

During the second half of the 1990s, parastatal companies from China and Malaysia arrived on the scene. Together with the Sudanese national oil company Sudapet, they formed two joint operating companies: the Greater Nile Petroleum Operating Company (GNPOC) and the Petrodar Operating Company (PDOC). These two consortia became the main oil producers in Sudan and Southern Sudan (cf. Patey, 2010, p. 622; ECOS, 2008, p. 26). Oil production rates increased steadily. From 1999 onwards, the investments of GNPOC and PDOC initiated a first

⁶ The US sanctions do not extend to newly independent South Sudan. Recently, “South Sudan has held talks with U.S. firm Halliburton to boost recovery rates from wells to up to 40 percent from 23–25 percent currently” (Reuters, 28 October 2011).

⁷ These companies included Arakis, Talisman—both of which are Canadian—and the Swedish Lundin Petroleum. The Lundin Consortium, which was led by the Swedish company Lundin Oil AB (40.4% ownership), exploited Block 5A from February 1997 until June 2003. Lundin Petroleum holds rights to Block 16, offshore Sudan, but no longer in the territory of today's South Sudan (cf. ECOS, 2010, p. 15, 2010a; ECOS, 2008, p. 18).

Map 3: Oil concession areas in South Sudan



Source: ECOS, 2013.

boost of oil infrastructure, production and exports, visible in the production increase from 270,000 bpd in 2003 to 304,000 bpd in 2004 (ECOS, 2010, p. 30).

GNPOC operated the “Unity oil field” formerly exploited by Chevron. Its shareholders were composed of the China National Petroleum Corporation (CNPC, 40%), Petroliam Nasional Berhad (Petronas) from Malaysia (30%), and Sudapet, the state company of Sudan (5%). The remaining 25 percent of shares were first owned by Arakis, then by Talisman, and, as of 2003, by the Oil and National Gas Corporation Limited (ONGC Videsh) from India. By taking the Asian parastatals on board GNPOC was able to raise sufficient capital to develop the infrastructure necessary for large-scale oil production. The crude oil exploited in Unity oilfield/Block 1 and Heglig oilfield/Block 2, as well as in Blocks 4 and 5A, also located in Unity State, is of the Nile Blend variety, which is “a good-quality crude, readily traded in international markets” (Shankleman, 2011, p. 3). GNPOC constructed the Greater Nile Oil Pipeline, which has linked the Heglig and Unity oilfields with Port Sudan on the Red Sea coast since 1999 (ECOS, 2010a,

p. 17; Moro, 2008, p. 150; Gagnon and Ryle, 2001, p. 26; Patey, 2006).

Petrodar Operating Company (**PDOC**) was incorporated under the laws of the British Virgin Islands and formed by CNPC (41%), Petronas (40%), China Petroleum and Chemical Corporation Limited (Sinopec, 6%), Al Thani Corporation from the United Arab Emirates (5%) and Sudapet, the Sudanese state company (Moro, 2008, p. 192; ECOS, 2010, p. 16; 2010a, p. 17). In 2008, Tri-Ocean Energy, an Egyptian company incorporated under the laws of the Cayman Islands, bought the five percent share from Al-Thani (Petrodar, 2011)⁸. The chairmanship of PDOC, and thus the operational leadership of the consortium, rotated between the state companies of CNPC,

⁸ The shareholders of Tri-Ocean Energy are largely Kuwait-based. 73 percent of the shares belong to Egypt Kuwait Holding (EKH), listed on the Cairo and Kuwait stock exchanges, 17 percent belong to the Commercial International Bank (CIB), the largest private sector bank in Egypt, which is traded on the Cairo, London and New York stock exchanges; ten percent belong to Bawabet Al Kuwait Holding Company, a Kuwaiti stock exchange company (<<http://www.trioceanenergy.com>> Accessed on 23 October 2012).



Petronas, and Sudapet. Under Article 9.1.6 of the EPSA of 2000, the partners were obliged to pay an annual amount of US \$300,000 as contribution for social development. The above amount was a non-recoverable cost under Article 9.4 of the EPSA (cf. Petrodar, 2011).

In late 2011, Sudapet's shares were transferred to the Government of South Sudan-owned company Nilepet and PDOC was renamed Dar Petroleum Operating Company (DPOC)⁹. The head office of PDOC used to be located in Khartoum, Sudan, but in late 2011, DPOC opened an office in Juba, South Sudan. The main shareholders of DPOC are still the national, government-owned oil companies of CNPC, Petronas, and Nilepet (see Box 1).

PDOC began the exploration of Paloic oilfield (Block 7) and Adar oilfield (Block 3) in Upper Nile State almost immediately after its formation in 2001. The Dar Blend produced in Upper Nile's oilfields is "sweet", i.e., of inferior quality. It is heavy paraffinic oil, which requires temperatures between 45 to 50°C during transport to avoid congealing. Its high content of acid easily erodes refinery metalwork. The high content of arsenic in Dar Blend is a pollutant for catalysts used in refineries. These properties make Dar Blend less attractive for the market, unless it is blended with other components and sold as fuel oil (cf. South Sudan Oil Almanac, no year, p. 65). The prices achieved for Dar Blend on the world market are up to 60 percent lower than the ones paid for Nile Blend (ECOS, 2006, p. 8; Patey, 2010, p. 623). To make oil exports from Upper Nile possible, PDOC had to invest substantially into oil infrastructure. Among other things, it built a second pipeline, the Melut Basin Pipeline, which went on-stream in June 2006 and runs from the Paloic and Adar oilfields to Port Sudan. PDOC also constructed a central processing facility (CPF) at Al Jabalayn in the Sudanese White Nile State (ECOS, 2006, p. 14). Production on Paloic and Adar oilfields started in 2006.

⁹ The company's web page has not been updated since 2010 (<http://www.petrodar.com/>, accessed 13 February 2013).

Box 1: Management of Asian oil companies

The largest shareholders within DPOC (former PDOC) are CNPC and Petronas, from China and Malaysia.

CNPC

The China National Petroleum Corporation (CNPC), established in 1988, serves as China's state oil and gas corporation. It is involved in several projects in Sudan and South Sudan: CNPC started with a 92 percent interest in Block 6 in 1995. It also gained primary ownership of the GNPOC in 1997, holding a 40 percent stake in the concession, which alone represented close to half of CNPC's overseas oil production in 2004. Moreover, CNPC owns an oil refinery in Sudan. It established a downstream retail station in Khartoum in 2001 (Patey, 2006, p. 32).

In 2007, the Chinese government issued a directive on Corporate Social Responsibility (CSR) for its state-owned enterprises. The State Owned Asset Supervision and Administration Commission (SASAC), which is a majority owner of many of the Chinese major business groups, issued a "Notification on Issuance of the Guidelines on Fulfilling Social Responsibility by Central Enterprises". The justifications provided for CSR activities are mainly of a domestic nature (promote a "harmonious society", protect the environment, improve quality, protect employee rights), but one also refers to the increasing concern for CSR issues in the globalized world economy (Sutherland and Whelan, 2009, p. 6).

Yet, many of the large Chinese business groups can move activities between subsidiary and parenting companies and only report on one. PetroChina's operations with CNPC in Sudan, for example, may serve as an example of how a complex group structure can mask actual activity (Sutherland and Whelan, 2009). CNPC created PetroChina in 2000 as a publicly traded subsidiary, which is open to international investors. Some major US asset management firms, including JP Morgan, Templeton Asset Management, and Fidelity, hold billion dollar positions in the company. In 2007, CNPC owned 88.21 percent of PetroChina's shares with the rest available to outside investors. Since the public offering, many assets have been

transferred between PetroChina and CNPC. PetroChina could thus use the money for the new investment in the Eastern Upper Nile, where DPOC operates (Taskforce, 2007, pp. 9–12).

CNPC is subject to different ground rules than other multinational corporations in Sudan. It “has a strategic behaviour that varies remarkably to its publicly traded counterparts. Indeed, CNPC has stated that China’s energy security trumps company interests in decision-making” (Patey, 2006, p. 33). Some authors reckon that rather than maximizing profits, its company objective is to simply acquire international oil reserves. It is obvious that pressures of international NGOs that warned against the involvement of oil companies in war crimes did not directly influence the state-owned company. Although the war operations directly affected the company, the civil war has not caused CNPC to exit Sudan. In 2001, the SPLA directly attacked the company in Block 4; rebel groups kidnapped CNPC employees and Government of Sudan forces protected Chinese workers from rebel attacks. Pressure from international human rights NGOs “influenced CNPC’s strategic behaviour only to the extent that its joint venture partners, susceptible to such criticism, held leverage over the Chinese MNC” (multinational company) (Patey, 2006, p. 35).

Other scholars argue that Chinese state companies behaved under structural constraints, starting from a weak market position as newcomers, which explains their opportunistic behavior (Asche and Schüller, 2008). As such, “Chinese investment, less encumbered by the standard risk analysis operative on Western corporations, pursues a competitive advantage in niche markets otherwise deemed excessively risky or not sufficiently profitable” (Large, no year, p. 1).

Petronas

The engagement of Petroliaam Nasional Berhad (Petronas) in Sudan and South Sudan shows many similarities with that of CNPC as it is also a national oil company, owned by the Malaysian government. Its current chairman, Tan Sri Mohd Sidek Hassan, served as Government Chief Secretary of the Malaysian Civil Service. Petronas is the country’s largest corporation, operating both upstream and downstream companies in the oil

and gas industry at home and abroad. A Board of Directors, an Executive Committee, and a Management Committee govern Petronas.

Similar to CNPC, Petronas holds extensive interests in Sudan, which it secured through military and economic relations with the GoS, as well as the Islamic foundations that both countries share. The multinational corporation became involved in the country in 1997, when it bought a 30 percent stake in the GNPOC. Apart from its shares in DPOC (Blocks 3, 7), Petronas also owned a 28.5 percent interest of the Lundin Petroleum operated Block 5A, extending the stake to 67 percent in 2004, and holds interests in Block 8 and 5B. Moreover, Petronas is active in the retail business of petrol, gas oil and fuel oil in Sudan (ECOS, 2010a, p. 17; Patey, 2006, pp. 38–41). In 2005, the company signed a contract with the GoNU to build an oil refinery at Port Sudan in Sudan at a capacity of 100,000 barrels a day (Petronas, 2005), but this project has been postponed several times.

During the civil war, Petronas was confronted with numerous security problems. In all concessions, military forces had to escort Petronas company personnel due to the proximity of hostile rebels. The latter kidnapped several workers when Petronas started operations in Sudan. Much like CNPC, Petronas has remained insensitive to negative reactions to its operations in Sudan from international human rights NGOs.

Petronas has given itself a loose corporate responsibility framework which encompasses the areas of “Shareholder Value”, “Natural Resource Use” (promoting efficient use of energy and water), “Health, Safety and Environment”, “Product Stewardship” (ensuring that products conform to quality and HSE standards), “Societal Needs”, “Climate Change”, and “Biodiversity”. In its social responsibility reporting on “societal needs”, it allegedly follows guidance of the Global Reporting Initiative and of the Global Oil and Gas Industry Association for environmental and social issues, IPIECA. Its “Sustainability Report” 2011, however, only mentions dispersed development projects in some countries, none of them being South Sudan (Petronas, 2011).

Author: Marie Müller.

The Comprehensive Peace Agreement: Oil-related provisions and practices

Peace negotiations between the GoS and the SPLM/A intensified in parallel to the expansion of oil production in Sudan. The parties were pressured by the US government, the United Nations and the UN Partner Forum, which consisted of the delegates of several European governments and the Intergovernmental Authority for Development (IGAD), a regional organization for the Horn of Africa. The negotiations were mediated by the Kenyan government. Earlier agreements were compiled in the CPA, which in its entirety was finally signed by the Vice President of Sudan and the leader of the SPLM/A in January 2005. The Wealth-Sharing Agreement of the CPA provided the framework for the redistribution of the oil wealth between northern Sudan and Southern Sudan and thus, at least in theory, tackled the historical links between oil production and conflict (ECOS, 2008, p. 13; cf. Grawert, 2010a, pp. 2–3, 7). The Agreement stated, “The sharing and allocation of this wealth shall be based on the premise that all parts of Sudan are entitled to development” (GoS/SPLM/A, 2005, III.1.4). It also stipulated to divide the net revenues accruing from oil production in the Southern Sudanese oil fields equally between the GoNU and the GoSS (ibid., III.5.5). Oil production was to be based on the existing oil contracts (ibid., III.4.2) and to be governed by a National Petroleum Commission (NPC) (ibid., III.3.4), which in effect meant that northern Sudan and Southern Sudan were to jointly market and sell the oil (cf. Patey, 2010, p. 629). Various articles of the CPA addressed the social and environmental impact of oil extraction on the micro level in Southern Sudan (ECOS, 2008, p. 3). The CPA stated that “the best known practices in the sustainable utilization and control of natural resources shall be followed” (GoS/SPLM/A, 2005, III.1.10), and that holders of land rights in the oil-producing areas were to be consulted and should receive a share of the benefits of oil production (ibid., III.3.1.5). Moreover, communities in these areas were to participate “in the negotiations of contracts for the development of those resources” (ibid., III.3.1.7). The Wealth-Sharing Agreement obliged the government to act upon social and environmental problems resulting from oil extraction (ibid., III.4.3; cf. Shankleman, 2011, p. 19). It stipulated peoples’ right to compensation (GoS/SPLM/A, 2005, III.4.5) and foresaw “that at least two percent (2%) of oil revenue shall be allocated to the states/ regions in proportion to output produced in such states/ regions” (ibid., 2005, III.5.5).

After the conclusion of the CPA, a second boost of the Sudanese oil sector occurred when Blocks 3 and 7 of Upper Nile State went on-stream. PDOC extended the oil-related infrastructure and, concurrently, the volume of oil produced and exported almost doubled. Whereas the output of production from Blocks 1, 2 and 4 had been decreasing during the mid-2000s, Blocks 3 and 7 continued to generate increasing production rates right up to the 2012 shutdown of oil extraction. In fact, Sudanese oil production seemed to be nearing its peak. However, it is debatable whether this peak had already been reached in 2009 or 2010, or whether it is still to be reached in the near future, should Block B¹⁰ in Jonglei State have a big oil reserve (ECOS, 2010, p. 18; Moro, 2008, p. 158; Sanders, 2012, p. 1; Shankleman, 2011, p. 3).

Yet, despite incoming oil revenues, many of the well-intended and hard-negotiated provisions of the CPA were not implemented in practice (ECOS, 2010, p. 8; Grawert and El-Battahani, 2007)—neither by the GoNU nor by the oil companies, nor by the GoSS. Soon after having signed the CPA, the GoSS began to complain that the GoNU and the National Petroleum Commission were not providing it with access to production rates, EPSAs and related figures and documents (int. Odwar, 2011¹¹; Patey, 2010, p. 626). GoSS geologists were not stationed at key production sites until 2009, and in 2010, i.e. five years after the CPA had entered into force, observers still judged the National Petroleum Commission to be “far from fully operational” (Patey, 2010, p. 627). For these reasons, the GoSS suspected that the GoNU was deceiving it regarding the quantity and value of oil being produced (ECOS, 2008, p. 34).

The GoSS itself “largely squandered the opportunity of oil” (Patey, 2010, p. 628) and did little to foster development in the oil-producing areas. Rather than prioritizing pro-poor growth, the GoSS started to build a reputation of mismanagement and fomenting local tensions not unlike the GoS, which had been notorious for embezzlement and politicizing ethnicity in the context of oil exploitation. The GoSS spent the bulk of its oil-derived income on salaries for the central government (ECOS, 2008, p. 31; Patey, 2010,

¹⁰ The very large Block B is located in Jonglei state. Its major shareholder is Total (France), which has been holding the concession since 1980, but had put all operations on hold when the civil war affected this area in 1985. At the time of writing, there is debate on whether the GoSS will split the concession of Block B into three parts (<http://www.ecosonline.org>).

¹¹ The interview sources are added in the text, indicated by “int. surname, year”, the exact interview date, place, and function of the interview partners are available in the List of Interview Partners in the Appendix.

Table 1: GoSS Budget outturns 2007–2010, US dollars

Sector	Ministry	2007 outturn	2008 outturn	2009 outturn	2010 Budget
Rule of Law	Judiciary of Southern Sudan	21,341,438	24,989,494	25,273,562	68,000,000
	Legal Affairs & Constitutional Development	14,717,554	22,276,455	28,767,645	31,090,000
	Internal Affairs	218,521,435	462,816,694	469,296,818	381,858,800
	Human Rights Commission	2,586,613	5,095,555	6,016,427	6,970,000
Security	De-Mining Authority	3,090,028	3,233,890	2,748,156	3,530,000
	DDR Commission	3,472,879	5,228,834	5,027,849	21,680,000
	SPLA Affairs	1,185,434,246	1,873,621,146	1,403,662,521	1,120,610,000
Social & Humanitarian Affairs	Gender, Social Welfare & Religious Affairs	4,840,974	7,206,660	7,680,354	10,580,000
	Culture, Youth and Sport	3,982,531	6,581,887	6,909,524	20,220,000
	Peace Commission	2,859,962	3,991,139	2,775,759	5,429,000
	War Disabled, Widows & Orphans	3,836,160	2,899,779	4,643,119	31,660,000
	War Veterans Commission	2,859,347	2,854,305	3,315,034	3,330,000
	South Sudan Relief and Rehabilitation Commission	19,531,238	60,561,628	14,038,394	27,740,000

Source: Ministry of Finance and Economic Planning. 2010. *Statistical Yearbook for Southern Sudan*. Juba: GoSS, p. 159.

Note: Bold by authors.

p. 626; Thomas, 2009, p. 27), high allowances for the members of the Regional and State Assemblies, and in particular for the security sector. "The most important wealth-sharing measure may be the commitment to transfer more central resources to states, rather than the sharing of oil rents" (Thomas, 2009, p. 20), but the GoSS did not take much notice of this. Instead, its dealings were characterized by corruption and lack of transparency (Patey, 2010, p. 629).

Moreover, the GoNU was unwilling and the GoSS was partly unwilling and partly unable to care much about the way the oil consortia operated in the oil-producing areas (ECOS, 2008, p. 31). "[I]n the absence of regulation from either the North or South", the oil companies were indifferent to the fact that their operations caused substantial pollution (Patey, 2010, p. 631) and did little to meet the expectations for development voiced by the local population. Concurrently, grievances among the inhabitants of the oil fields grew, and tensions between the companies and the local population were exacerbated. This led to a high degree of "(i)nsecurity surrounding the oil sector in Sudan (which) ranges from the theft and commandeering of oil company equipment and vehicles to

armed kidnappings and killings" (ibid.). On the eve of the referendum about unity or separation of Sudan in July 2011, the local population in Southern Sudan still continued "to regard the industry as an enemy" (ECOS, 2008, p. 31; 2010, p. 28).

The nexus between oil and violent conflict

The development of the Sudanese oil sector has been intertwined with violent conflicts. Summarizing the argument of the preceding paragraphs, on the national level, oil development had a three-fold impact on the violent-prone relations between the two parts of the country.

1. From the outset, the GoS sought to use the oil for developing Sudan's central regions—at the expense of the peripheral regions in the south, west, east, and north of the country (Johnson, 2011, p. 46; Shinn, 2005, pp. 248–49). The "deliberate neglect of the South's socio-economic development" thereupon became one of the grievances that, in 1983, ushered in Sudan's second civil war (Johnson, 2011, p. 64).

2. Whereas the prospects of future oil revenues repeatedly re-ignited the civil war, the tangible oil revenues accruing in the early 2000s enabled the GoS to upgrade its army with helicopter gunships, high altitude bombers and other weapons, and thereby increased its leverage vis-à-vis the south (ECOS, 2008, p. 7; Gagnon and Ryle, 2011, p. 4).¹²
3. Finally, under the pretext of economic considerations, almost the entire infrastructure necessary for oil exportation, such as pipelines, refineries and processing facilities, were built in northern Sudan. This furthered the strategic asymmetry between the north and the south (ECOS, 2010, p. 13; Johnson, 2011, p. 46; Moro, 2008, p. 100). The biased investment enhanced the perception among the southern Sudanese political leaders that they were marginalized compared to northern Sudan. This added to the violent conflict.

On the local level, “[f]orced removal of inhabitants in and around oilfields in Southern Sudan has been standard practice during the 1983-2005 war” (ECOS, 2008, p. 31). Displacement of and aggression against the local population by the GoS made way for the development of oil infrastructure, which enabled the boom of the Sudanese oil industry (*ibid.*). Some authors have commented on the actions of the GoS as part of a strategy of “division and displacement” to gain control over the oil areas (Human Rights Watch, 2003, pp. 50–59; cf. ECOS, 2006, p. 14). After the CPA, the GoNU in Khartoum continued to disregard the detrimental impact of oil production, as did the GoSS. Both failed to address the social and environmental damage in the vicinity of the oil plants and the continuing lack of local social development. As the remainder of the chapter demonstrates, the national and the local level linkages between oil production and violence became important, as Patey had warned:

The tendency for oil fields in Sudan to be numerous and small rather than few and large translates into multiple targets for armed groups discouraged by oil development or mobilized by a possible renewed North–South conflict (2010, p. 631).

The South Sudanese oil industry after independence

When South Sudan became independent in July 2011, the new state inherited an oil sector which was all but a “blank slate” (Shankleman, 2011, p. 6)—

rather, it was laden with problems of all sorts. First and foremost, several earlier points of contention between northern and southern Sudan, such as the division of benefits from oil production and the exact location of the international border between the two countries (Sanders, 2012, p. 5) remained unsolved. Initially, Sudan also kept up its involvement in South Sudan's oil industry through Sudapet, which at the moment of South Sudan's independence still held shares in the various different consortia (ICG, 2011, p. 28; Ives and Buchner, 2011, p. 24; Shankleman, 2011, p. 7). Because the relevant oil infrastructure of pipelines and refineries is located in Sudan, it was clear that South Sudan would only be able to export its oil as long as the GoS cooperated and let the oil pass (interview with Undersecretary of the Ministry of Petroleum and Mining (MPM), Macar Aciek Ader, Juba, November 2011; cf. Shankleman, 2011). As a matter of fact, during the interim period after the CPA, the GoSS had failed to use the oil wealth for the diversification of the South Sudanese economy. It had neglected the agricultural sector and kept South Sudan highly dependent on imports of food and commodities (cf. Dhal, 2008). The already low competitiveness of the agricultural, let alone industrial and service sectors decreased even more due to the oil revenues coming in, showing the classical feature of the “Dutch disease”¹³. Government officials had embezzled much of the revenues and deposited them in foreign countries (cf. Wel, 2012a). Investments had concentrated in construction with a great bias towards the capital of Juba; another high share of oil revenues—up to 60 percent of the state budget—went into the security budget of the GoSS (cf. Warner, 2012).

Independent South Sudan was ill prepared to tackle these issues and avoid the trap of the resource curse. The institutions in charge of governing the oil sector during the transition were the National Petroleum and Gas Council, the Ministry of Petroleum and Mining (MPM), and the National Petroleum and Gas Corporation (cf. GoSS, 2012, Part 12, III and IV, §§ 173, 174, 175). New staff was integrated into the relevant institutions only gradually (int. Ader, 2011), and laws, rules and regulations were yet to be issued for the newly independent state. A further hindrance to effective governance of the oil sector lay in the fact that South Sudan had only “limited detailed knowledge of the industry, the companies involved, the geology, or the minutiae of the concession contracts” (Shankleman, 2011, pp. 8–9; cf. Patey, 2010, pp. 626–27; int. Ader, 2011).

¹² Beyond upgrading the army, “[a] substantial percentage of oil revenues have gone into the government apparatus, most notably the security sector” (ECOS, 2010, p. 23).

¹³ The “Dutch disease” denotes the decline in productive sectors typically accompanying an increase in exploitation of natural resources (cf. Corden and Neary, 1982).

In spite of these problems, South Sudan exported its first cargo of Dar Blend almost immediately after secession. South Sudanese officials claimed that in sum, South Sudanese oil exports amounted to 33.4 million barrel worth US \$3.2 billion in 2011 (int. Odwar, 2011; MPM, 2011). The bulk of this oil—26.7 million barrel—came from Upper Nile's Blocks 3 and 7 (MPM, 2011).

By Presidential Order No. 27/2011, South Sudan took over the management of its oil sector. It transferred the shares previously held by Sudapet to the South Sudanese state-owned company of Nilepet and claimed this procedure to be congruent with the Interim Constitutions of Sudan and South Sudan (MPM, 2011). Concurrently, South Sudan entered into negotiations with foreign oil firms to conclude new contracts upon which all future oil operations would be based (MPM, 2011; Ferry, 2012). The Petroleum Act of the Republic of South Sudan approved by the National Legislative Assembly and endorsed by the president in September 2012 (cf. MPM, 2012) became the basis for these negotiations. The Act lays down the principles for oil investment, which include, among others, adequate domestic supply of petroleum, ethical, transparent, and accountable management of petroleum based on environmental, social, and economic sustainability. The Act includes articles on the conduct of petroleum activities, access to land and restoration of affected land after decommissioning, duties of contractors including social and environmental impact assessments, and compensation for landowners and persons holding an interest in land. There are regulations regarding the environment, health care, safety, liability for pollution damage, non-discriminatory employment, knowledge transfer, community development, as well as dispute resolution. Moreover, the Act prescribes to make the state revenues available to the public (MPM, 2012). The written basis for a better management of the oil industry now exists. How this will change practical implementation will be visible after the resumption of oil production and renewed creation of oil revenues.

The process of oil exportation until the shutdown

To sell the oil is the task of a marketing board consisting of representatives of the Ministry of Petroleum and Mining (MPM), the Ministry of Finance, and the national bank. Every month, the marketing board sells the quantity to be loaded in the next month to the prospective buyers—the so-called lifting program. To

become a “lifter”, companies first have to become generally qualified to buy oil, and then put forward a bid for a cargo of either 0.5 or one million barrels, fixed for a specific day. At the same time, some of the investors forming the oil consortia are also bidders. The marketing board then awards contracts to the best bidders, depending on its own calculations of an average price per barrel for the entire month. From this average price, a varying discount is subtracted—the differential oil discount that depends on the respective pricing sources. For the Dar Blend produced in Blocks 3 and 7, prices are determined based on the price for Brent, whereas for Block 1's Nile Blend, the pricing source is Indonesian crude. As soon as the contract and the so-called bill of lading are signed, the lifter opens an irrevocable letter of credit (also standby letter of credit) and nominates a tanker to receive the crude oil at Port Sudan on the day for which it was awarded a cargo (int. Ader, 2011).

The total volume of oil sold in any month is divided into 'cost recovery oil' and 'profit oil', as regulated by the EPSA. However, it is unclear whether the Government of South Sudan has reliable information about its total volume. Before independence of South Sudan, members of the Legislative Assembly of the Regional Government of Southern Sudan complained that the GoNU did not make transparent the exact quantities of oil produced from Southern Sudanese sources (int. Odwar, 2011; Patey, 2010, p. 626). As the Chairman of the Parliamentary Committee of Petroleum and Mining put it, “Even after independence, we don't know how much oil there is. There is no transparency” in the process of oil extraction (int. Odwar, 2011). He also stated that only the oil companies knew the exact amount of oil produced and furthermore insisted that the companies were the Government of South Sudan's only source of information about the quantity of oil produced. Contradicting this statement, the Undersecretary of the Ministry of Petroleum and Mining explained that the Government of South Sudan determined the amount of oil to be sold in advance in the lifting program of the month. Yet he did not disclose how the Government of South Sudan came to know about the quantity of oil to be sold (int. Ader, 2011). Only exact knowledge about the quantities produced would empower the Government of South Sudan to demand its 'fair share' from the oil consortium (cf. Box 2).

Box 2: Metering production volumes: A comparison with Nigeria

The lack of oversight of governments over foreign oil companies is not unusual. Even a country like Nigeria with decades of experience with oil extraction is still not able to verify independently the exact amount of crude oil produced by the international oil companies operating the oil joint ventures. The Nigerian government itself used to have no metering capacity, but had to rely on the oil companies for information. What used to be the basis for calculating company payments was actually the volume of exported oil, not the volume of produced oil. The question of who meters the oil at what point of the oil flow, is highly relevant.

In Nigeria, oil companies installed meters at the flow stations, at a few wellheads, and at platforms. For this, "a lot of capacity-building, especially at metering, is needed. (...) The Nigerian government ... needs to pay a lot of attention there, for it is used for calculating the royalties and taxes."¹⁴

The flow of crude oil can be measured at the following stages:

1. the wellheads,
2. oil gathering manifolds,
3. field processing facilities,
4. export terminals.

When oil is extracted at the wellheads, it is still mixed with water and dissolved gas. The oil mixture is channeled to oil gathering manifolds and further on to field processing facilities, where the oil is partly dewatered. It is then transported to the export terminals, where the oil is further treated before export.

A gross liquids mass balance would capture all the flows in the different parts of the stream from wellhead to export terminal, quantifying the leakages, shrinkages, theft, etc. There are no clear guidelines in Nigeria on how to do such a mass balance, and most companies merely report what they export—the net oil balance.

Author: Fabian Selg. **Sources:** NEITI, n.d., pp.17–21; Shaxson, 2009; Interviews in Nigeria in 2009 by Marie Müller with World Bank, Shell, OSIWA experts, NEITI Secretariat.

¹⁴ Interview by Marie Müller with Dayo Olaide, OSIWA, Abuja, 28 October 2009; Interview by Marie Müller with NEITI Secretariat, Abuja, 29 October 2009.

Due to the lack of oil infrastructure on its own territory, South Sudan depends on the cooperation with Sudan and will depend on it for the coming years. There are debates in the Government of South Sudan about changes in the long run. One suggestion is to pursue a two-pronged strategy of exploiting its oil resources to achieve energy security for its domestic economy (Schäfer, 2012, p. 7; Sudan Tribune, 2012c) and diversifying South Sudan's destinations for oil export. Together with different governmental and private sector partners, the Government of South Sudan has started to develop plans for building alternative oil exportation pipelines through Kenya, Ethiopia, and Eritrea. In trying to secure Chinese funding for these pipelines, South Sudan pursued somewhat of a carrot-and-stick policy. Frustrated over what it perceived to be a lack of Chinese commitment, South Sudan expelled the Chinese president of DPOC in February 2012. This did not hinder South Sudanese President Salva Kiir from traveling to China to try and win Chinese support for the pipeline (Perlez, 2012). However, China withdrew a funding offer for the export pipeline going to the Kenyan coast (Wel, 2012). Furthermore, there is a debate in the Government of South Sudan about building their own refineries to export refined oil products to neighboring countries (BBC, 2012a; Tesfai, 2012). First steps to put these plans into effect have already been taken. In late 2012, the foundation stone for a refinery was laid at the Paloic oil site, Block 7 in Upper Nile State (int. Schwengsbier, 2012; report of Majak Bilkuei, the Field Manager of DPOC, during the stakeholder workshop in Juba, November 2012). Construction of another refinery has started in the Unity oil field. The plan of the MPM is to refine 10,000 bpd and produce fuel for domestic consumption (Doki, 2012).

Conflict escalation after independence of South Sudan

According to South Sudanese officials, Sudan seized more than six million barrels of South Sudanese oil in December 2011 and January 2012 (Dziadosz and Holland, 2012). The GoS justified this by arguing that South Sudan had failed to pay the transit fees as well as usage fees for the exportation of crude oil via the pipelines, the processing facilities and marine terminal on Sudanese soil, and that the confiscated oil had been taken as "payment in kind" (USIP, 2012). Sudan demanded US \$36 per barrel in transit fees (ibid.), an amount, which South Sudan's President Salva Kiir termed "exorbitant" (Gettleman, 2012). The Government of South Sudan resolved "to drop its claim to

ownership of infrastructure in the Sudan" (int. Ader, 2011) and claimed to have been paying transport fees directly to the oil companies (int. Ader, 2011; Dziadosz and Holland, 2012). It was unwilling to pay more than one US Dollar per barrel as transit fees to Sudan (Nuxoll, 2012). In November 2011, the Undersecretary of the Ministry for Petroleum and Mining, Macar Aciek Ader, still expected that the Sudanese would cooperate and allow the oil to pass. A shutdown of the South Sudanese oil extraction appeared unlikely to him, because both South Sudan and Sudan were utterly dependent on oil revenues (int. Ader, 2011). The GoS was fully aware that it had a stake in keeping the oil flowing as, according to Ali Mahmud al-Rasul, the Sudanese Minister of Finance, "our losses from not reaching an agreement with South Sudan for using the pipeline are 6.5 billion Sudanese pounds [US \$2.4 billion]" for the period between independence and January 2012 (Timberlake, 2012). Nevertheless, on 20 January 2012, the Government of South Sudan decided to discontinue its oil production.

Following the shutdown, the conflict between Sudan and South Sudan quickly escalated to outright military violence. The direct cause was the failure of the two governments during the interim period to agree on contentious points for which the CPA had provided a road map and institutional framework. The failures pertained not only to fixing the conditions of exporting South Sudanese oil through Sudan's pipelines, but also the division of Sudan's debt, the status of South Sudanese citizens in Sudan and Sudanese citizens in South Sudan, movements of Sudanese and South Sudanese citizens across the new international border, and the demarcation of the border between Sudan and South Sudan. The latter includes uncertainty about the location of oil in the concession Blocks A, C, 1, 2, 4 and 7.

In March 2012, clashes between the SAF and the SPLA intensified in the border area. Each side blamed the other for having started the violence. South Sudan claimed to have acted out of self-defense after a Sudanese aerial attack, whereas Sudan spoke of an attack by South Sudan (Benari, 2012). Both countries mobilized their armed forces in the area of Heglig in Southern Kordofan, Sudan (ABC News, 2012), and in April 2012, SPLA troops entered Heglig oilfield and severely damaged key oil infrastructure. Credible claims by Government of South Sudan officials suggest that this had not been the plan of the SPLA headquarters, but that the local army commanders had made a spontaneous decision (oral communication by Douglas Johnson and Peter Schumann with authors). Afterwards, however, SPLM leaders justi-

fied this attack claiming that "Panthou" (South Sudanese name for Heglig; see also Box 3) was one of six "contested areas"¹⁵ which they consider to be part of South Sudan's sovereign territory. This ex-post justification of the presumably unplanned attack on Heglig, which renews older claims, makes an agreement on these contested areas unlikely in the near future.

In early May 2012, the UN Security Council Resolution 2046 demanded that the GoS and the Government of South Sudan "cease all hostilities, withdraw forces, activate previously-agreed security mechanisms, and resume negotiations under threat of sanctions" (UNSC, 2012). The two parties were to conclude negotiations under the auspices of the African Union High-level Implementation Panel (AUHIP). In August 2012, both parties agreed that South Sudan would pay US \$9.48 per barrel transported through the Sudanese pipelines plus a one-off payment of US \$3.028 billion, meant for direct financial assistance to Sudan. This agreement would be valid for a period of three-and-a-half years (GoSS, 4 August 2012).

More clashes between the SAF and SPLA and sporadic aerial bombardments of South Sudanese territory by SAF warplanes followed right into the year 2013. Each side accused the other of attacking oil facilities and of supporting proxies on the other's territory (BBC, 2012b; Benari, 2012; De Juan, 2012, p. 3; Dziadosz and Holland, 2012; Reuters, 2012; Sudan Tribune, 2012b; Hollande, 3 February 2013). On the South Sudanese side, these violent outbursts wrought destruction on the oil fields and the surrounding areas in Unity State, but also hit Upper Nile State. The UN Mission in South Sudan (UNMISS) confirmed that at least 16 civilians were killed (AFP, 25 April 2012). Due to the shutdown of oil production, the South Sudanese population continues to suffer sharply increasing prices for food and commodities as well as a scarcity of foreign exchange, which, in turn, led to a shortage of fuel and an upsurge of the black market US Dollar rate (Haefliger, 2012). The Government of South Sudan resorted to painful austerity measures, cutting civil servants' as well as army members' allowances and incentives (Sudan Tribune, 2012d).

Both Sudan and South Sudan had used the accruing oil revenues by and large to expand their military capacity (Moro, 2008, pp. 158, 161; Patey, 2010, pp. 625, 629; NewTimes, 2012), thus creating a build-up of arms along the Sudan-South Sudan border during

¹⁵ These areas comprise (i) Wanthou (Joda); (ii) Maganis; (iii) Kaka; (iv) Northern Bahr el-Ghazal; (v) Kaffia Kingi and Hofrat el Nahas; and (vi) Panthou (Heglig).

and after the CPA interim period. Sudan had a further leverage because it controlled the exporting infrastructure on its territory, whereas South Sudan made use of its ability to stop oil production and thereby turn oil into a weapon. Beyond military and other capabilities, however, both countries also perceived the opportunity structure to be in their favor. Sudanese officials were convinced that South Sudan would run out of financial resources to keep up the struggle much sooner than Sudan (Laessing and Abdelaziz, 2012). South Sudanese officials claimed that the GoS did not respect the sovereignty of the new state and tried to gain as much as possible from South Sudan's oil wealth through exaggerated fees and theft of oil. The shutdown of oil production was hence supposed to drain Sudan from these resources and thereby create pressure for negotiations (Economy Watch, 1 February 2012). Moreover, South Sudan hoped that this move would provide time to develop alternative solutions, such as getting ready to construct a pipeline through Kenya to the Indian Ocean port Lamu. Today, both states continue to use their oil revenues for armament and war and perceive each other as a threat. This has prevented them from enjoying the significant mutual benefits that would accrue from handling the oil issues cooperatively (de Kock, 2011, p. 15; ICG, 2011, p. 28; Wohlmuth, 2012).

As the result of negotiations hosted by the African Union High-Level Implementation Panel (AUHIP) in September 2012, the governments of Sudan and South Sudan signed nine bilateral agreements. In these, they agreed to create a safe demilitarized buffer zone between the two countries, to resume oil production in South Sudan and to ship the oil through the pipelines leading to Port Sudan. The two governments failed to reach agreements about Abyei and the disputed border areas (GoSS Negotiation Team, 2012). In March 2013, the two governments finally began to withdraw their troops from the border and the Government of South Sudan announced to restart oil pumping in early April (Gabriel, 2013).

3

Securing a livelihood in the oil field



The concept of 'livelihood' refers to the total of activities, resources and chances people use to secure individual as well as communal existence (Grown and Sebstad, 1989, p. 941). As such, it also includes the approaches taken by a given sub-society to preserve those social relationships and claims that may provide buffers in times of hardship and make sure that individuals and groups are able to generate livelihoods in the future (Maxwell, 1991, p. 2; Grawert, 1998a, pp. 2–3). Since securing livelihood is a social process in which social groups draw on a multitude of options of making a living to adapt to ever-changing conditions, 'livelihood' is an inherently dynamic concept. Social groups combine the use of the accessible resources with different economic activities to generate assets and to establish and maintain redistributive social relationships not only within their own community, but also in the wider society and even extending to transnational connections. This is termed 'livelihood networks' here (Grawert, 1998a, pp. 15–16). On the one hand, "institutions, policies, and processes [are] affecting the changes [...] livelihoods are undergoing" (Pantuliano, 2010, p. 8). On the other hand, social practices and the action of individuals and population groups have an impact on institutions, policies, and socio-economic and political processes. Securing livelihood is a major driving force for action for each particular group and community, and this inevitably leads to differing interests and power relations, which in turn shape the relationships between them.

In what follows, this dynamic and social understanding of livelihood informs the analysis of livelihoods in the oil fields of Blocks 7 and 3 of DPOC in Melut and Maban Counties. The chapter draws on the available statistical sources, findings from field research, and secondary literature to describe the local socio-political context and to delineate how, within this context, different local social groups made a living in late 2011.

Introducing Melut and Maban Counties

Geography

Melut and Maban Counties are located in the Eastern Plains of South Sudan's Upper Nile State. Melut County covers an area of 6,951 square km east of the White Nile. Maban County borders Melut County in the east and is 11,855 square km large (GoSS and SSCCSE, 2010, p. 13; Moro, 2008, p. 191). The seasonal Khor Adar stream dissects the counties horizontally, while the White Nile

constitutes the western border of Melut County. The climate is hot, with pronounced wet and dry seasons, which respectively last from June to October and from November to May (ECOS, 2006, p. 7). Average annual rainfall is between 600 and 700 mm. The vegetation consists mainly of terrestrial and aquatic herbs and shrubs (GoSS and SSCCSE, 2010, p. 5).

Population and administration

The 2008 census counted 49,242 persons (eight persons per square km) in Melut County and 45,228 persons (four persons per square km) in Maban County (SSCCSE, 2010, p. 11; CBS and SSCSE, 2009, p. 12; BCSSAC et al., 2012, p. 35). 7,523 households were counted in Melut and 10,275 in Maban County (GoSS and SSCCSE, 2010, p. 15). In 2008, the population of Melut was composed of roughly 60 percent male and 40 percent female inhabitants, whereas Maban had 51 percent male and 49 percent female inhabitants. In Melut County, 42 percent and in Maban County, 51 percent of the population was less than 16 years old (Population Census Council, 2009, p. 12).

Local leaders and government officials questioned these figures and suggested the actual population size of the counties to be much larger. They claimed that the census had taken place when the rainy season had already started and that the census teams had limited their survey to the accessible households near the roads and neglected settlements in the remote areas of the county (information from Workshop discussions, Juba, November 2012). Figures provided by the World Food Programme and interviews with local leaders conducted in 2006 indicated a population of 67,737 persons for Melut County (Moro, 2008, p. 192). At this time, shortly after the CPA, returnees from Sudan and other areas of South Sudan had just started to move to Upper Nile State. This supports the argument that the census greatly underestimated the population of the two counties.

Melut County borders on the counties of Manyo, Renk, Maban (Moro, 2008, p. 191), Fashoda (UN OCHA, 2009)¹⁶ and Akoka (Bol, 2012, p. 4). Maban County, located next to Melut County, borders Renk, Longochuk, and Baliet counties and the Ethiopian international boundary (see Map 2, p. 13). After the CPA, the GoSS divided Melut County into seven and Maban into five administrative sub-units so-called *Payams*. Those in Melut correspond to the seven local Dinka sections. Within a *Payam*, the *Boma* is the

¹⁶ Further counties of Upper Nile State are Longichuk, Malakal, Panyikang, Luakpiny/Nasir, Maiwut and Ulang (UN OCHA, 2009).

lowest administrative level in South Sudan. A *Boma* comprises a number of villages, which differ in size from 200 to 500 inhabitants to settlements consisting of no more than a few simple houses built of mud and straw (*tukuls*) (Moro, 2008, p. 205). According to a survey based on information collected from local chiefs, the number of the villages located in Melut County amounts to 476 (cf. Bol, 2012, p. 8).

The administrative center of Melut County is Melut Town, which, in 2008, had 14,554 inhabitants and was the county's second biggest settlement (BCSSAC et al., 2012, p. 35). Paloic, the largest town of the county, located most closely to the oil plant, numbered 16,215 persons in 2008 already and, according to its Chiefs, grew rapidly until 2011 (int. Paloic Chiefs, 2011). Maban County is administered from Maban Town.

According to the census, residents in Melut were Southern Sudanese (42,849), Sudanese (4,329), and other nationalities (1,475). In Maban County, a great majority of residents were Southern Sudanese and only six percent were Sudanese (CBS and SSCSE, 2009, p. 21). The group of Sudanese residents includes the pastoralist Fellata or Mbororo who originated from Nigeria and moved to Sudan during colonialism. Other northern Sudanese in the two counties were traders or PDOC staff and workers (observation by the authors in December 2011).

In Melut County, the predominant ethnic group of the South Sudanese residents is the Dinka (90 percent). Moreover, Shilluk, Nuer and other ethnic minorities live in the county (BCSSAC et al., 2012, p. 35; cf. Moro, 2008, p. 192). Dinka sub-sections in this area live in seven *Payams*: the Aboya's *Payam* is Gomochok, the Adora live in Won Amum *Payam*, the Ageir Bai in Melut *Payam*, the Ageir Rer in Paloic *Payam*, the Beir in Goldora *Payam*, the Boweng's Panomdiet *Payam* and the Ramba in Thiang Reyal *Payam* (Bol, 2012, p. 4; confirmed by Chol, 2012, and for Goldora by a local women's group (int. 2011)). The Agueir, Aboya, Beir and Nyiel live in the most populated *Payam* of the county, Paloic. The Agueir consist of eight sub-sections, among them the Joh and Pidi who claim Paloic as their original area (int. Chol; Thomas, 2011). Each *Payam* has a Dinka and an Arabic name as a result of the Arabization policy of the various Sudanese governments before independence of South Sudan. Goldora, for example, is also called "Khor Adar".

Box 3: Naming as politics

Adar is really Wun Amum, Muleta is Papyon, Gumry is Myadoun. The other names were given during the war because the SAF considered it no man's land. The land's names are political (int. Chol; Thomas, 2011).

This comment on the names of areas in oil Blocks 7 and 3 highlights that the naming of places is a political process. Power relations are inherent in conceptions of places and the symbolic and cultural meanings attached to them. Hence, struggles over place naming (*toponymy*) surface and take on significance especially in contexts of socio-cultural tensions. Naming of places is a hegemonic act which turns space with heterogenic meanings into a stabilized order of places. Historical justifications are central aspects of naming politics and often lead to the marginalization of certain groups. Feelings of possession and dispossession become important aspects in the naming process:

There was no freedom back then. The North ruled, and we had to obey. If anyone said 'This is my land', he would be killed. The Arabic name of the village is 'Kilo 10' [because it is ten kilometers down the road from Adar]; Atieng is the correct name of the village and the area (int. elders, 2011).

Similarly, the inhabitants interviewed in "Khor Adar" made it clear that the real (Dinka) name of the village was Goldora. Especially in the context of oil fields, naming is an important factor:

Here and elsewhere, southerners decry a practice of changing names (e.g., Heglig) by Northern elements as part of a deliberate attempt to detach and re-appropriate coveted territory (ICG, 2011, p. 21).

The political character of naming implies that there is also a potential for counter-hegemonic action and liberating processes of applying alternative names and meanings. This is even more so in a newly independent country like South Sudan, where the inhabitants are searching to establish their own distinctive identity.

Sources: Interviews, ICG, 2011; Gagnon, Ryle, 2001; Vuolteenaho and Berg, 2009. Compiled by Moremi Zeil.

Maban County is mainly inhabited by Maban and some Nuer communities (int. Chiefs of Maban, 2012). To the west of Melut County, both Nuer and Shilluk used to settle on the western bank of the White Nile (int. Chol; Thomas, 2011). Block 3 of PDOC, which operated southeast of Melut County, attracted numerous newcomers to Galduk, located near the oil plant. Many Nuer arrived from Greater Upper Nile, among them Nasir, Mawut, and Waat (int. inhabitants of Galduk, Chol, 2011).

Due to the influx of returnees and refugees by the time of writing, the number of persons living in Melut County may well exceed 70,000 persons. In Maban County, where UN agencies and international NGOs established eight refugee camps, there may be even more people (information by Matendo, 2012). UN OCHA registered 80,000 returnees until mid-2012 (2011, 2012a) and nearly 112,000 refugees in Upper Nile State in 2012 (2012b). One of the reasons for the mass return was that when South Sudan became independent in July 2011, the GoS declined to consider South Sudanese as Sudanese citizens. Another reason was the new war in the neighboring Sudanese South Kordofan and Blue Nile States, which led as many as 170,000 further people to flee to Upper Nile State from mid-2011 until late 2012 (UN OCHA, 2012c).

Coexistence with oil infrastructure

The main economic actor in the two counties is PDOC (now DPOC), whose oil fields in Blocks 7 and 3 cover a huge area in Melut and Maban Counties. About 500 oil pump stations are scattered over the counties' landscape, pumping the oil through underground pipelines to collection stores connected to the main pipeline. Some of the pump stations are near houses and fields; some are in supposedly "empty" areas, which, however, are temporarily used for cultivation or as pastures (int. Geith Deng, 2012). Until a new pump station can be used, shifts of eight men operate oilrigs in order to drill and pump the waste aside. The DPOC Operational Base Camp (OBC), a fenced area with concrete buildings for accommodation of the management, engineers and workers, a canteen, a mosque, a guesthouse, workshops and stores is a few kilometers away from Paloic, Melut County. The gate of the base is open, but guarded by watchmen. Situated next to the base is a truck company run by CNPC. A small airport is nearby, mainly used by DPOC staff, DPOC's guests, and government officials. The oil plant with its huge oil tanks, pipes and the operating center lies at a distance of a few kilometers. Only a few highly qualified engineers work in the oil



plant. Most of them are from Asia, and until end-2011, some also were from Sudan. Local settlements, mainly made of thatched straw, mud, and thatched roofs and rarely made of bricks and corrugated iron sheets are located some hundred meters away from the oil plant (observation by the authors, November 2011).

Poverty and education

78 percent of South Sudanese households depend on subsistence agriculture and only twelve percent of the South Sudanese working population has paid jobs in the formal economy (NBS, 2011, p. 11). This is not very different in Melut County and even more so in Maban County. As part of Upper Nile State, where according to the census of 2008, 26 percent of the population lived below the poverty line, the two counties belong to the state with the lowest rate of poverty in South Sudan. One recent study reports Melut and Maban County to have experienced "substantial growth" from 2005 onwards (Schomerus and Allen 2011, p. 52). These relative figures notwithstanding, however, poverty is still widespread in Melut and Maban Counties, in particular among the rural population.

Poverty and a low level of education are closely interlinked. In 2008, only 40 percent (8,683) of the children between six and 13 years had enrolled in schools in Melut County. In 2009, the total number of enrollment was 5,627. Girls made up 37 percent in both years. The adult literacy was 55 percent (SSNBS, 2010, pp. 53, 57). In Maban County, a considerable increase in primary enrolment from 13,782 in 2008 to 17,000 in 2009 occurred (SSNBS, 2010).

What are the inhabitants of Melut County doing in order to secure their livelihood? What is the role of the oil plant in this? The following sections describe how local groups are making a living under the conditions of oil exploitation in Melut County. The discussion touches upon several conflicts created by the oil-related activities. These conflicts are discussed in depth in the following chapter.

Livelihood options and dynamics created by oil exploitation

Pastoralism, agro-pastoralism, farming

In the past, pastoralism and agro-pastoralism used to be the most important pillars of livelihood in Melut and Maban Counties. People kept cattle and seasonally moved with it according to the availability of pastures and water. Rainfed cultivation of millet and sorghum as well as tending and tapping gum Arabic trees were complementary activities (int. Ndura; Chol; Thomas; Dau; cf. Brethfeld, 2010, p. 25; Moro, 2008, p. 192; Yassein, 1967). In late 2011, this combination of agricultural activities, including husbandry of cattle, sheep and goats was the most important source of livelihood for inhabitants of Goldora, Atieng, Galduk, and rural Paloic (int. Goldora youth group; inhabitants of Atieng, Galduk; Chiefs in Paloic, 2011; cf. Moro, 2008, p. 197). In some areas (Goldora), men were engaged in rainfed agriculture whereas in other (Galduk), women tended the land.

According to the census of 2008, 38 percent of the households in Melut County depended to some extent on farming, cultivating on average two hectares. In 2009, the total area cultivated was 5,531 hectares in Melut and 5,072 hectares in Maban County (SSNBS, 2010, p. 88), which would amount to a mere 0.8 percent of the total acreage of Melut and 0.4 percent of the acreage of Maban County. Satellite images confirm this low percentage for 2009. Timeline satellite images reveal a much lower acreage under cultivation for the early 2000s. For 2006, the image shows nearly 40,000 hectares and for 2011, more than 50,000 hectares of cultivated areas in Melut County. There was a visible extension of mechanized farming on the acreage until 2011 (cf. Mager, 2013; cf. Box 4). However, these figures only pertain to land put under the plough, but not to the numerous further uses of land in this area. According to local chiefs and sub-chiefs, all land in the two counties belongs to the various sections of the Dinka and Maban. They use much of the land seasonally for cultivation, gum Arabic and other tree products, grazing, collection of herbs and wild fruits, firewood and grass for building, digging sands, hunting, and temporary housing (int. Chiefs of Maban, 2012). During the rainy season, the local rural population works in rainfed agriculture for subsistence on the higher planes, and during the dry season in pastoralism as well as fishing close to the *toich* (seasonal swamps) or riverbanks. People of the Nyiel Dinka sections stay permanently near the banks

of the Nile and seasonal rivers, where they make their living from cultivation, fishing, hunting, and livestock rearing (Bol, 2012, p. 4). The other Dinka sections regard the location in which they stay during the wet season as their primary settlement, and some community members would always remain in this location regardless of the season (int. Chak, 2012). Such seasonal movement was practiced by many inhabitants of Goldora and virtually all those of Gagbang (int. Chiefs of Paloic; Goldora women's group, 2011; cf. ECOS, 2006, p. 7; Moro, 2008, p. 326).

Box 4: Satellite image analysis: What is it and what can it do?

Earth observation techniques and geospatial image analysis of high to very high resolution optical satellite imagery are a potential supportive tool in natural resources and conflict research, in this case, oil exploitation and associated risks.

The distinctive features of earth observation technologies and their application lie in their perspective and the distant view on the earth's surface, which provides the possibility to analyze spatial relationships on a large range of scales. Thus, the choice of imagery offers a high degree of flexibility, from observing regional patterns in land use to detecting the condition and shape of individual houses or infrastructure features on a very detailed level.

In the context of natural resources, conflict and security, information can be extracted through visual interpretation or sophisticated methods of technical detection, which take geometric properties and spatial relationships as well as spectral characteristics of objects into account. The geospatial data produced can help in further analysis. The output is visualized in maps which portray complex scenarios in an easily consumable way.

Project-specific maps generated from image analysis can be used as a guidance tool before and during field research. A feedback loop can emerge, when the research team provides ground truth from the field, which the analyst then continuously incorporates, thus reducing uncertainties in the results. In turn, the analyst can validate various other inputs from the field for their accuracy, e.g., particular incidents mentioned in interviews and literature. In the final step, maps will visualize the combined results, which can then help in further field research.

With regard to South Sudan, one can observe that oil exploration activities and an increase in the population numbers went in parallel over years. Looking at the settlement of Paloic in particular, not only can one see the growth of the settlement, but also the increase in the number of drilling activities in the close vicinity. Along the main roads leading to the OBCs one can detect new settlements developing. Land appropriation as a result of a new development of an oil field has an impact on the land supply for the population. It reduces the availability of fertile land and hence, aggravates the supply of the growing population with agricultural products and food. Satellite images make visible that vegetation is burnt near oil rigs. In Melut County, pastoralists apply this practice to enhance growth of fresh grass to improve pastures

Author: Fabian Selg. **Sources:** Blaschke and Lang, 2008; GIZ, 2011; ECOS, 2010.

Access to land and pastures depends on customary user rights. When it comes to customary land ownership, ethnic belonging is important in Upper Nile State. It had played a key role in the local history of the civil war, and continued to be a source of conflict among some local communities. In Melut, where the Dinka prevail, the area of land allocation depends upon which Dinka sub-section an individual belongs to (int. Chol, Thomas, 2011, Chief Geith Deng, 2012; cf. Yassein, 1967, p. 177). Local chiefs are in charge of communal land use, regulation, and mediation in Upper Nile State and elsewhere in South Sudan. Communal land management applies to the shared use of land and water sources. Land is used communally for pasturing, collecting firewood, hunting, and gathering wild fruits, and water sources for fishing, watering animals, and pulling out water for household use and drinking. Trees and their products as well as cultivated crops are not communal but considered as individual property. Land that has been fallow for a longer period than required for soil regeneration falls back to the community, and the respective chief can re-allocate it according to demand (cf. Bol, 2012, pp. 7–8; confirmed by Paloic Chiefs, 2011, Chiefs of Melut and Maban Counties, 2012). As long as there is sufficient arable land, the chiefs also allocate plots for crop cultivation to individuals and families belonging to other ethnic groups. Such an agreement can be made for several years, and in principle, it is easy for newcomers to have a field allocated to them, as long as they cultivate it regularly (int. Chol; Thomas;

Goldora youth group; inhabitants of Galduk, 2011; Geith Deng, 2012). Indeed, some of the people who had recently moved to Paloic did so because they hoped to make a living by engaging in agricultural production (int. Chiefs of Paloic, 2011).

Cattle are not only a means of subsistence, but are intimately tied to traditions and social norms, as “wealth, power, trade or prestige are valued and measured by the number of these animals” (Gore, 2007, p. 176). Therefore, even people who no longer practice pastoralism as their main livelihood activity usually still own at least a few animals. Pastoralism and access to land are crucial features of Dinka identity in Melut County and are essential parts of their livelihood they want to preserve. This, however, does not preclude interest in other, additional means of making a living (int. Geith Deng, 2012).

Changes brought about by oil exploration and exploitation

Oil exploitation in the context of the civil war in the late 1990s severely undermined these practices. According to the survey of Bol (2012, pp. 8–9), oil-related activities disturbed and disrupted the life in more than two-thirds (325) of 476 villages in Blocks 3 and 7. Geological surveys, excavation and the digging of ponds for polluted water, erection of rigs, digging for laying pipelines and the construction of roads and the airport near Paloic, besides the erection of the oil plants and the OBCs at Paloic and Adar affected all these settlements and eradicated 36 villages (cf. Bol, 2012, pp. 8–27; Moro, 2008, p. 205). The tremendous changes through oil infrastructure are clearly visible on timeline satellite images (Mager, 2013). The activities of the oil company are concentrated on the plains, those areas mainly used by the inhabitants during the rainy seasons. The GoS made the land accessible to PDOC through a contract and a license, which appropriated and re-allocated the land according to the amended Civil Transaction Act of 1984/ 1990 (cf. NEPAD and FAO, 2005; cf. also Bol, 2012, p. 7). As this happened during the civil war, the inhabitants were forcibly displaced and not compensated. Besides encroaching on the land, trees were removed, regardless of their important income-generating function through tapping and trading gum Arabic and other cultural and social functions they had in the local social life (statement of Mohamed Lino, Director of Energy, MPM Juba, 2012; int. Geith Deng, 2012). The various seasonal agricultural activities have continued in the areas not used by the oil corporation and also between the around

500 pump stations run by DPOC (observation by the authors, confirmed during Workshop discussion, Juba, November 2012).

From the legal perspective, after independence of South Sudan, the Civil Transaction Act of 1990 is no longer valid. South Sudan has its own Land Act of 2009 and the Petroleum Act of 2012. Accordingly, the Government of South Sudan can allocate land to oil corporations for further exploration, if the concerned communities are informed and compensated through payment or resettlement. Resettled groups must be guaranteed a living at the same standard they had before. If there already is a legal landowner holding a land title, a lease or rental contract can be concluded. If no such agreement can be reached, the Government of South Sudan can expropriate the land and give the license for oil exploration to the company, given that this will serve the public interest and compensation is provided (MPM, 2012, Art. 47). Compensation is a major issue of dispute in Melut County (see Chapter 4).

The village of Goldora provides a tangible example of how local people deal with the impact of oil-related environmental and socio-economic changes on their livelihood. Before the advent of oil extraction, the community had lived in Goldora during the wet season and produced millet in rainfed cultivation. During the dry season, the community used to relocate to its second village close to the Nile. Many of Goldora's inhabitants had left during the war, but returned afterwards. With the expansion of PDOC, a permanent road connecting Malakal to Paloic and Renk was built through Goldora, along which a market developed. Thereupon, Goldora became a permanent village and started to attract new people. In 2011, however, Goldora did not receive as much rain as usual and the output of its rainfed agriculture was very low (int. Goldora women's group, 2011). Some youth of Goldora therefore entertained the idea of permanently moving to the bank of the White Nile, on the one hand for fishing, but also hoping to get access to pumps so that they could venture into irrigated agriculture or horticulture (int. Goldora youth group, 2011).

Outside Melut town along the White Nile, some individuals attempted to set up pump-irrigated agriculture on small plots, where they produced sorghum and some vegetables. Most of them stopped cultivation in late 2011, allegedly due to lack of fuel or high fuel prices (observation of abandoned pump

schemes by the authors; explanation by Chol, 2011). Young inhabitants of the county mentioned the lack of material equipment such as tractors and financial resources as the main obstacles to getting engaged in irrigated agriculture (according to Nyok, 2011; int. Goldora youth group, 2011). Earlier studies of the area mention land expropriation as well as a lack of land (Moro, 2008, p. 296)—in particular, fertile, cultivable land—and shortages and/or high prices of seed and fuel as reasons for the low occurrence of irrigated agriculture in Melut County (USAID, 2011, p. 2).

These two examples show that on the one hand, the infrastructure and facilities established by the oil consortium displaced a high number of land users and inhabitants from their original areas. On the other hand, these investments created new opportunities, which some of the agro-pastoralists integrated in their livelihood. There were permanent settlements along roads and more market integration. At least some people were ready to engage in new livelihood options such as irrigated agriculture as soon as they gained access to credit. However, this was still very rare in 2011. Grievances about loss of land, lack of or inadequate compensation and pollution of land induced by oil exploitation were greatly overriding any positive assessments.

Trade and business

There are important differences in trading activities between the towns of Melut and Paloic and smaller settlements. Both Melut and Paloic had already been market towns before the war and at the time of writing featured the biggest markets of Melut County. Market activities were suspended during the war, but resumed after the CPA (int. Chol; Thomas, 2011). In December 2011, however, both markets had little food to offer since the land borders between Sudan and South Sudan had been closed due to independence and armed conflicts there. Ships, which used to bring food and commodity supplies from Sudan to Upper Nile State, were not allowed to cross the border along the White Nile. The trade between Melut County and Sudan, which had been vital for commodities and food, had come to an almost complete halt (observation by the authors; cf. USAID, 2011).

Outside of Melut and Paloic towns, and in particular in the area directly surrounding the OBC of DPOC, smaller markets offer manufactured goods as well as coffee and tea to local customers and to DPOC's staff (int. Fengzan, 2011; observation by the authors). Most

traders on these markets used to be Sudanese¹⁷, Ethiopian and Eritrean shopkeepers, and Fellata women who also visited villages to exchange milk for grain (int. inhabitants of Atieng; observation by the authors; cf. Gore, 2007, p. 176; Moro, 2008, p. 197). Furthermore, returnees, and migrants with a non-agricultural background contributed to the formation of markets and small businesses in Melut County, trading in food, running small businesses in car repair, transport, all types of services and restaurants, and some small-scale manufacturing. Members of the military have been important consumers these markets cater for¹⁸. The population movements triggered by the end of the civil war contribute to making markets even more necessary, because there is a growing number of customers and potential business people who are ready to take up livelihood options offered in markets.

South Sudanese nationals used to engage in a "complementary exchange of goods (for instance, exchange of cattle for grain, a way of making up food deficits)" (Kebbede, 1999, p. 4). Due to the agropastoralist way of life of the majority of the Dinka population, the local inhabitants "barely engaged in trading activities. [...] The concept of doing business, especially with people from one's own community, is alien to many" (Brethfeld, 2010, p. 27; cf. Yassein, 1967, p. 177). The community of Goldora provides an example of this. Although Goldora has market facilities and is located next to one of Upper Nile's most important roads, the inhabitants of Goldora cultivate crops primarily for their own consumption, not for the market (int. Goldora women's and youth groups, 2011).

In spite of trade being "alien" (Brethfeld, 2010, p. 27) to many of Melut's inhabitants, a number of local people had learned about "trade in the modern context" when they were displaced to other towns during the war (Gore, 2007, p. 175). Shortly after the CPA, "many people [are] now trading in the local markets [...] and [are] selling fish, local building materials, firewood, charcoal, vegetables" (ibid.). Yet, those locals who did pick up trade as a profession faced several obstacles. They had to compete with the Sudanese and other traders, and they often could not move freely between Sudan and South Sudan due to continuous tensions at the border still after the CPA. Obstacles to trade lay not only on the

supply side, but also on the demand side. Some of the potential customers, namely the foreign oil workers living in the OBC Paloic, received much of their supply from Khartoum (observation by the authors; cf. Gore, 2007, p. 176) and therefore did not buy much food from the local markets. These conditions forced some of the South Sudanese out of trade, and they had to seek alternative means of making a living (Moro, 2008, pp. 198, 296). Those South Sudanese who did succeed in selling some crops and cattle did so with "generally modest" profits (Brethfeld, 2010, p. 25; cf. ICG, 2011, p. 26).

The supply with goods and food in Upper Nile State, which was hampered already due to the closure of the crucial Sudan–South Sudan trade routes after South Sudan's independence, was further complicated by the shutdown of oil production in early 2012. Moreover, 2012 had brought a very poor harvest and tremendous floods towards the end of the rainy season (USAID, 2012). Considering experiences from Unity State, where the population increased for very similar reasons (Patey, 2010), there is concern that the rapidly deteriorating conditions for making a living may contribute to local-level potential for conflict.

Employment

In Melut County, employment in the formal sector is low and in the informal sector, jobs are mostly available at the growing markets in Melut and Paloic towns. There are at least two reasons for this, respectively related to access to livelihood options and assets. On the one hand, the oil industry, one of the few important formal economic sectors in South Sudan, does not need a lot of manpower and has but a few linkages to other productive sectors (ECOS, 2008, p. 8), whereas agriculture, a potentially labor-intensive sector, is only little formalized. On the other hand, very few South Sudanese so far have the skills and qualifications necessary to find employment in the formal sector. Unemployment poses a serious problem to the local population, even more so because the oil plant has attracted numerous migrants from all over South Sudan and neighboring Blue Nile State, Sudan, who came mainly to Paloic. They expect opportunities for employment or business in the context of oil production and to benefit from the oil wealth, assuming its redistribution in the county (int. Chiefs of Paloic, men in Galduk, 2011).

The employment policy of PDOC was to hire highly qualified specialists directly on a temporary contract and to outsource unskilled ancillary work to sub-

¹⁷ Sudanese traders have been common in Upper Nile State as well as in other states of South Sudan for many decades.

¹⁸ This had been the case during the war, when mainly the SAF had been in the county. During the period after the CPA, Joint Integrated Units consisting of the SAF and SPLA were created. After independence, the SPLA was the only consumer group from the military.



contractors (int. Ajang, 2011). PDOC had sent Sudanese but no Southerners abroad to study oil engineering. Hence the workforce of PDOC's field operations mostly consisted of Sudanese and Asian (mainly from China, India, and Malaysia) employees who occupied management and higher-ranking technical positions on a temporary contract. A small number of foreign staff operated the oil extraction facilities of PDOC. 16 specialists—all of whom were foreign employees—ran the central command room of the field processing facilities of PDOC in two shifts (observation by the authors). For drilling, specialists were given temporary contracts for one or two years after which the drilling staff would be dismissed. Workshops and enterprises linked to the oil plant had limited contracts with PDOC for certain tasks (int. Ajang, 2011). South Sudanese were mostly employed as casual laborers, e.g. for laying cables, kitchen work, and cleaning, but also in the security department of the OBC Paloic (observations by the authors; int. Zhangming, Ndura, Goldora youth group, Chiefs of Paloic, inhabitants of Galduk, 2011). PDOC also employed 700 local inhabitants as casual laborers and claimed to have sent groups of 40 individuals to Khartoum for vocational training in welding and fabricating (int. Bakheit, Ajang, 2011). The Field Manager claimed that these workers were actually not needed, but that they were hired to pacify the communities in the oil production areas (int. Bakheit, 2011; Chapter 4, p. 51).

Box 5: Corporate social responsibility and Asian oil companies

Corporate social responsibility (CSR) denotes company activities which go beyond their legal obligations and are thus voluntary in nature. On the international level, norms are being developed which define the social responsibilities of multinational companies. The UN Draft Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (UN Doc. E/CN.4/Sub.2/2003/38/Rev.2, 2003) were a starting point, followed by the "Respect, Protect and Remedy" framework, led by former UN Special Representative Professor

John Ruggie, which sets out to specify the companies' responsibility to respect human rights (United Nations, 2008).

For extractive industries, various voluntary guidelines have been developed by individual companies, multi-stakeholder platforms, and NGOs. Most relevant in the context of South Sudan and the local context of Melut County are guidelines dealing with conflict-sensitive business practices and questions of community development, such as:

- *Guidance for Extractive Industries* by International Alert, developed in partnership with UN Global Compact and the International Institute for Sustainable Development in 2005. This is a very practical guide with adapted instruments for each phase of project development (from exploration over production to closure).
- *Preventing Conflict in Exploration: A Toolkit for Explorers and Developers*, developed by CEP, World Vision Canada, and the Prospectors and Developers Association of Canada, launched in May 2012, gives specific guidance on the exploration phase.
- The *Voluntary Principles on Security and Human Rights* are a multi-stakeholder process, through which companies can make sure that their practices of hiring security personnel do not violate human rights nor fuel conflict.

The International Petroleum Industry Environmental Conservation Association (IPIECA) has equally developed a set of guidance on human rights and social responsibility reporting: the *Business Principles for Sudan during the Interim Period*. The European Coalition on Oil in Sudan (ECOS) has collated relevant standards for the oil sector in Sudan, to include legal requirements under the CPA as well as relevant voluntary principles for the transition period (2005-2011) and beyond.

Chinese oil and mining companies and Asian companies in general are often said not to care about the social and environmental impacts of their operations in Africa. Asian national oil companies and their home governments have, however, started to develop some CSR policies, recognizing the increasing demand for corporate social responsibility in the international arena (cf. Box 1). Still, a recent comparative analysis of CSR policies and practices of Asian oil companies in South Sudan has shown that companies have been unable to develop robust CSR initiatives and to deal with community expectations, as the following statement shows.

Respondents expressed some frustration that they don't know where to start on tackling community grievances. (...) The lack of usability of global best practices, standards and guidelines from the CSR sector is evident and could be a barrier to learning and development by the oil sector in South Sudan" (Ives and Buchner, 2011, p. 23).

The authors found that within oil consortia where the government of the oil-producing country has a stake, usually the Vice President (VP)— a government appointee—was responsible for CSR (Ives and Buchner, 2011, p. 20). This was also the case for PDOC and still is for DPOC. Several companies see a potential for the Joint Operating Companies (JOCs) to have a role as CSR strategy coordinator; in some cases, the JOC has a CSR Committee. Many companies "asserted the need for government to take a more dominant role in identifying community needs and ensuring that the JOCs and individual companies do not overlap or misplace their efforts" (Ives and Buchner, 2011, p. 21). Research findings from the Centre for Chinese Studies in January 2009 indicate that Chinese company representatives in Gabon and the DR Congo showed a willingness to respond quickly to demands from local authorities (Jansoon, 2009).

The same study also found that Chinese companies were generally receptive to improvements in transparency concerning revenues and financial transactions related to the extractive sector. Chinese oil companies that are listed on US stock exchanges already have to increase transparency under national legislation in the United States, which imposes rules concerning multinational companies' reporting. Section 1504 of the so-called Dodd Frank Act requires companies, which are listed on US stock exchanges, to report their payments to governments worldwide. Some of CNPC's operations are captured through the listing of its subsidiary, PetroChina. It is traded on the New York, Hong Kong and Shanghai stock exchanges and files annual reports pursuant to the US Security and Exchange Commission Exchange Act. Some shareholders of Tri-Ocean Energy (consortium partner of PDOC) are equally listed on the New York stock exchange.

Author: Marie Müller. **Sources:** <http://www.business-human-rights.org/ToolsGuidancePortal/Sectors/Extractives>; <http://www.ecosonline.org/reports/2006/ECOSBusinessPrinciples-english.pdf>; <http://data.revenuewatch.org/listings/>



When the Government of South Sudan became shareholder of DPOC, the company maintained the policy of temporary expert contracts and outsourcing, albeit with one major difference: As many Sudanese as possible were replaced by South Sudanese workers, including the Field Manager. The Government of South Sudan has taken efforts to send South Sudanese for training programs abroad (statement by Minister of Petroleum and Mining, Stephen Dhieu Dau, and Mayak Bilkuei, the new Field Manager, during the workshop, 2012).

Beyond employment by the oil company, employment opportunities in Melut and Maban Counties were very limited. Local inhabitants were working as harvest hands on the few larger farms (int. Goldora youth group, 2011), in other agricultural work (int. inhabitants of Galduk, 2011), and did "odd jobs" in the villages (int. Chiefs of Paloic, 2011) and on the markets. One individual who was actively trying to improve his chances of finding employment by improving his skills recounted: "We are trying. We cannot wait for the government. I went to Juba to do a course in logistics." Another interviewee described how he had acquired new skills when working for Oxfam (int. inhabitants of Galduk, 2011).

Employment in Melut County is in high demand. Employment options are badly needed to secure the livelihood of the large number of youth, returnees, and migrants from other parts of South Sudan where, due to lack of industries and commercial agriculture, there are hardly any job opportunities. The severe gap between demand and supply of labor in the oil area is caused by a lack of skills required in oil production and lack of backward and forward economic linkages to the oil plant in the county.

Infrastructure and social services

When roads, water plants and pipes, electricity, hospitals, schools and learning institutions and other infrastructural projects are built, livelihood options multiply. In Melut and Maban counties, almost all infrastructures established after the CPA were constructed for PDOC's purposes. Any consequences the infrastructure has had for the livelihood of the counties' inhabitants are side effects of PDOC's building activities. On the one hand, communities benefit from infrastruc-

ture built for oil activities. There are a few all-weather roads, which are not only used by PDOC's trucks, but also improved local inhabitants' access to transport and trade, especially when the rainy season turns the area into a swampy, largely inaccessible area (int. Odwar, 2011; ECOS, 2006, p. 7). Furthermore, PDOC reportedly contributed to improving water and electricity supply in Melut town and along the road from Melut to Paloic (Moro, 2008, p. 321). The company had constructed a water plant in Melut to purify Nile water for the use of PDOC and the inhabitants of Melut. PDOC also had built a pipeline connecting the plant with the oil plant and the OBC (int. Bakheit; Thomas, 2011). The villages along the water pipeline, however, were not connected (according to Nyok, 2011 and Bilkuei during the workshop in Juba, 2012).

On the other hand, there were severe drawbacks to infrastructure development. Some villages in Melut County had been expropriated for road construction as well as for the construction of Paloic Airport (Moro, 2008, p. 205). The newly constructed or improved roads often caused environmental problems (Dutch Ministry of Foreign Affairs, 2010, p. 13). As drainage systems were not provided along with road construction, one side of the new roads would be flooded and make movement of cattle and people difficult or even impossible. Since most of the roads were temporary roads built with clay, trucks and other heavy vehicles regularly damaged them during the rainy season (according to PDOC Field Manager Bilkuei and further discussion during the workshop in Juba, 2012).

The civil war had badly affected the already weak social infrastructure in Melut County. Writing at the height of the civil war, one analyst commented, "[e]ducation and health services, which have always been woefully inadequate in the region, are now largely destroyed" (Kebbede, 1999, p. 4). More than a decade after Kebbede's study and six years after the CPA, education and health services in Melut County continued to be greatly deficient (int. Nyok, elders of Atieng; Chol, 2011). The little service provision available was largely restricted to the bigger villages and towns, such as Melut, Paloic, and Goldora (int. elders of Atieng, 2011). Buildings designated to be schools or hospitals were often not used for these purposes because of a lack of staff. In principle, three kinds of actors took charge of service provision on the ground: the county government, PDOC, and international non-governmental organizations. Between these three, there was a division of labor in which PDOC, through its community development projects, as well as some NGOs constructed schools or clinics. "Any

building, hospital, water you will see—it is done by Petrodar, not by the government" (int. Bakheit; Zhangming, 2011). The county government was supposed to provide staff for these buildings but hardly did so (int. Ajang; inhabitants of Atieng, 2011).

What did this lack of service provision mean for the communities in Melut County? In Goldora, for instance, there were two clinics—one built by PDOC, the other by Medair—and one school, also built by PDOC. Yet the community of Goldora did not have regular access to medical assistance. Without doctors, the clinics remained unused and there was no ambulance service to transport emergencies to a doctor in Paloic or elsewhere. The children of Goldora could not receive basic education as there were "no teachers, no materials, no books" (int. Goldora women's group, 2011). Other communities in Melut County recounted similar stories of buildings standing empty, of lacking government funds to pay for staff, and of community development projects gone awry. A particularly stark example of such a community development project is Friendship Hospital, built and fully equipped by CNPC outside Paloic in 2006. In doing so, CNPC sought to attract people and make the inhabitants of Paloic move closer to the hospital, thereby freeing the land in Paloic town and enabling CNPC to explore for oil located underneath the town. This had numerous implications (see Chapter 4 and Box 7), but has, by the time of writing, not led to the resettlement of the town inhabitants. In general, livelihood options related to infrastructure are still marginal in Melut County, as the above cases reveal.

Water and the environment

Access to (clean) water for human and animal use, irrigation, sewage (at least in towns), and a generally clean environment are essential preconditions for livelihood security. Clean and plentiful drinking water, sourced from rain and river water, is one of the most basic necessities of local communities. Yet, water shortages¹⁹, water pollution and difficult access to water complicate peoples' livelihoods in different locations throughout Melut County (cf. ECOS, 2008; int. Bakheit, 2011), and the activities of oil companies have been blamed for this (cf. Moro, 2008, p. 326).

¹⁹ Water sources, which peter out during the dry season, are the reason why communities in Melut County have long led a transhumant (moving with the seasons) lifestyle. However, at least one study claims that seasonal water shortages have increased in recent years (ECOS, 2006, p. 7).



Ponds for bioremediation (see Box 6) extend to huge areas near Paloic and Adar. PDOC used to pump the oil waste into a series of pools, connected by flood-gates and valves. The first pool is about seven meters deep, and the other pools are shallower. PDOC claimed that, from pool to pool, the water became cleaner through evaporation, whereas the solid waste would settle on the ground. Reeds were planted in the last pond to absorb the remaining waste, and from there the water was diverted into the landscape (int. Bakheit, 2011).

From the perspective of the local population, however, the “oil pools” cause illness and even death of people and cattle. Pollution and contamination, as well as salinity of water sources present a problem. The community of Atieng, for example, used to have access to potable ground water in the 1960s, but in late 2011, their groundwater was salty (int. elders of Atieng, 2011). Many analysts as well as local inhabitants assume a causal link between PDOC’s activities, water pollution, and environmental and health problems of communities (int. Chiefs of Paloic; Nyok; Chol; Thomas; Dau, 2011; Dutch Ministry of Foreign Affairs, 2010, p. 13). Yet the exact amount of pollution caused by oil activities and the consequences of pollution for human as well as animal health has never been established (ECOS, 2011, p. 5; Pantuliano, 2010, p. 14).

In 2011, PDOC installed the technology of water injection (int. Bakheit; Nyok, 2011; cf. Box 6). The PDOC manager assured that this technology would not affect the groundwater, which is located about 100 meters under the ground and, in the area of Paloic, was salty anyway and not potable (int. Bakheit, 2011). In Adar and Gumry, where there are further oil ponds and no injection facilities, local inhabitants stated that the groundwater was potable (int. Galduk, 2011).

Box 6: Waste water disposal: Bioremediation or water injection?

Oil reservoirs usually consist of three layers: Crude oil, natural gas and water. A natural water layer accumulates over time when upward migrating ground water gets trapped underneath the denser oil-bearing rock layers. This water is lifted

(produced) together with the hydrocarbons and is subsequently separated (cut) at field processing facilities. This excess water is termed “produced water”. It is one of the main byproducts of oil exploitation and considered to be industrial waste, because a significant amount of dissolved hydrocarbons remains in the water. The quantity of produced water increases with prolonged field production, signaling decreasing deposits in the reservoir. Handling, treating and disposing this contaminated produced water is therefore a major task and concern.

At the Great Paloic oil field, PDOC uses two methods of disposal: bioremediation and water injection. Bioremediation attempts to treat the produced water through natural processes. Because bioremediation sites rely on the input of produced water, they typically lie next to field processing facilities. The actual bioremediation takes place in ponds. The produced water settles in reed beds where microorganisms remove the pollutants. Depending on the amount of water input, bioremediation sites can consume huge areas of land.

A more common way of disposing produced water is to re-inject it back into the reservoir. Ultimately, this approach has two positive effects: Contaminated water is disposed of and consequently, the resulting pressure maintenance maximizes further recovery (secondary recovery). The overall impacts from these techniques are very different from one another. Bioremediation occurs on open ground in a fixed location. This means the need for large amounts of land. The risk of ground water contamination is still unknown. In addition, produced water that people, cattle or wildlife accidentally use as a source of drinking water, poses a serious health risk.

Negative effects of the water injection system on ground water are usually negligible since target layers are far deeper than the regular ground water layers—provided that the piping system does not leak. There are relevant spatial implications, because this technology requires a network of piping systems and stations on the ground to handle the produced water across the oil field. Therefore, the environmental impact, though considered relatively low locally, shows greater regional disturbance as part of the overall oil field infrastructure.

Author: Fabian Selg. **Sources:** Eredaisy and Mohammed, 2010; Jahn, Cook, Graham, 2008; Schlumberger Oilfield Glossary; Interviews in Melut County, December 2011.

Infrastructure, especially elevated all-weather roads built for oil-related purposes, disrupted natural as well as artificial water-flow patterns and thereby damaged agriculture and breeding patterns of fish (Dutch Ministry of Foreign Affairs, 2010, p. 13; ECOS, 2008, p. 33). Access to clean water was difficult due to falling ground water tables (int. elders of Atieng, 2011), and many communities lacked the proper equipment to dig deeper wells (int. inhabitants of Galduk, 2011). The reasons for falling ground water tables could not be established during this research and need further investigation.

PDOC both directly helped and hindered peoples' access to water. One of PDOC's community development projects was to deliver water to local communities by truck every morning and evening. According to inhabitants of Galduk, PDOC did not allow them to use its well, which was located near the village even though, as they stated, the groundwater was potable in their area (int. inhabitants of Galduk, 2011).

The predominance of PDOC as the most powerful economic actor in Melut and Maban Counties thus has a serious impact on water in all its various uses. In fact, it has taken control over water supply—by a water plant in Melut town, by delivering water to water tanks in the communities, and by creating areas filled with poisonous wastewater.

Self-organization as a means to improving one's livelihood

Some inhabitants of Melut and Maban Counties address the diverse impacts of oil extraction on their livelihoods by forming local associations, possibly the nucleus of civil society organizations. The initiative of local chiefs to present the needs and grievances of the communities to PDOC and to the local government has been yet another important way of addressing the issue. A third way of addressing livelihood risks and needs were individuals' or groups' own economic initiatives.

In late 2011, forming civil society organizations was a rather novel and unusual idea for most of Melut County's inhabitants. Previously, there had been organizations implemented in a top-down manner, such as the political party organizations of women and youth that were introduced under the one-party rule of Jaafar al-Nimeiri's Sudan Socialist Union (1969–1985). These organizations were a form of interest group that channeled the groups' demands and needs to the political decision-makers and at the same time, sold

the party's policies to the wider population. Following this tradition, at the time of research, there were a youth and a women's committee in Goldora, both of which were initiated by the SPLA during the war and, after the CPA, had become associated with the SPLM. The seven members of the women's committee had been elected during the general internal SPLM elections in 2009. The committee intended to be "a voice of women to reflect women's issues and represent the women of the area" (int. women's group of Goldora, 2011). Despite the fact that the committee regularly reported problems to the local chiefs, to the Commissioner of Melut County and to the administrator of the *Payam*, its members perceived it as not having achieved any improvements.

Another form of organization is based on common origin. One example of this was a group of Nuer from Jonglei State and other parts of Upper Nile State who had moved to Paloic in search of job opportunities in the context of oil production. When they realized that there were hardly any chances of finding employment, they started small businesses in the market and created a rotating saving fund amongst the Nuer. Allegedly, they used the money to buy cattle and add to their herds in their home areas (int. Chol, 2011)²⁰.

In October 2011, local youth²¹ had created two new organizations in Melut town. One was called 'Melut Sons', the other 'Free Pens'. The Melut Sons only admitted members originating from Melut County, meaning that they themselves as well as their fathers had to have been born in the county. Hence, the origin-related membership was one feature it had in common with the Nuer saving groups. Yet it had the characteristics of an association and applied strategies of a civil society organization. By December 2011, the Melut Sons had 121 members, a constitution, and a general assembly, which selected 21 of their members to form an executive committee.

The 'Free Pens' were created to publish a local newspaper. The intention was to solve local problems by openly addressing them, much along the lines of a civil society organization. As one member explained, if we cannot solve them [the local problems], we at least show them to people. Therefore, we write about them. It was an idea of some people coming together: we should have

²⁰ This would need verification, but is still mentioned here as an issue for further research. For similar activities among Nuer in other places, cf. Hutchinson, 1996.

²¹ Here 'youth' is defined as males above the age of 18. The upper age limit was less clear (interview with Melut Sons).

our own paper to discuss our own culture and problems. Free Pens is made up of 15 people. It started on 4 November 2011. It is a monthly paper. Anyone in Melut [including women] has a right to write an article. Some people from outside contribute, we then have a committee sit together, correct the articles. The articles have no relation to politicians, this is very important. [...] Everyone who can read reads it. We have a group on Facebook. We put copies on the walls in the market. We have copies for the people (int. Nul, 2011).

To fund the newspaper, regular members of the editorial board had to pay ten SSP per month (US \$3), and anybody who wanted to have an article published was to pay seven SSP (US \$2). The newspaper used these funds to print copies, which the members of the editorial board would then distribute in all of the county's *Payams* (int. Nul, 2011).

Both civil society organizations addressed the crucial problems of the county—employment, pollution, health services. The Melut Sons lobbied the MPM to give 70 percent of all jobs available in PDOC's field operations in the county to local graduates from all of Melut's *Payams*. To this end, the Melut Sons collected graduates' certificates with the plan of giving "a complete package of all applicants and certificates to the Minister of Petroleum and Mining [who originates from Melut County] when he comes for Christmas" (int. Melut Sons, 2011). Their work, however, was only intended to secure jobs for graduates who were 'originally' from Melut, not for graduates from among the large group of newcomers. The Melut Sons followed a similar strategy of voicing local concerns to the Ministry with regard to victims of pollution. They claimed that they had taken some medical cases to Khartoum, where the diagnosis was that "this was from pollution" and that they were planning to send a delegation to the Ministry of Health in Juba "to tell the Ministry about this" (int. Melut Sons, 2011).

The Free Pens published articles on the difficulties of finding employment with PDOC as well as oil-related pollution, trying to introduce these issues into public debate. One of the members of the editorial board explained that, since he held a Master's degree in environmental health, he knew that "the way they're treating the water [in the bioremediation ponds] is not right" (int. Nul, 2011). Apparently, the local protests against bioremediation ponds met PDOC's own interest in accessing the oil sources more efficiently through

injection technology. In November 2011, the Field Manager claimed that PDOC had built new structures and begun to use this technology (int. Bakheit and an oil engineer while visiting an oil rig, 2011).²²

Villagers usually appealed to the local chiefs to demand improvements in local health care from the local government. Those individuals and chiefs who had approached the Commissioner claimed that they got no response. A woman from the Goldora women's group added, "we are not even asking for a lot, just doctors, treatment, teachers, but—nothing" (int. Goldora women's group, 2011). Another initiative was to demand medical assistance from the PDOC management (int. inhabitants of Galduk, 2011).

With the foundation of the workers' union of the PDOC in 2011, another form of organization came into existence in Melut County. However, the status of the union as a genuine interest group of the workers has to be questioned, as PDOC sponsored its inauguration. At this event, a vast number of inhabitants from Paloic came together for a huge celebration in which a famous local musician entertained the crowd, and free food, drinks, and dancing were sponsored by PDOC (observation by the authors in Paloic town, November 2011; see Chapter 4).

Apart from these groups, "there are only personal groups and relations. People live here as families" (int. women's group of Goldora, 2011). Much in the same vein, the inhabitants of Galduk in Maban County claimed that, "because of the situation, we have no means to organize. [...] When someone gets work, he invites everyone for beer. That is our organization" (int. inhabitants of Galduk, 2011). Out of this relative dearth of local initiative to self-organization, one of the few civil society actors based on the state level in Malakal was convinced that "work is needed to let the communities know their rights and how to demand their rights. [...] They need to get organized to demand their rights" (int. Pagan, 2011).

These examples demonstrate that the presence of PDOC has created expectations of further livelihood options and dynamics. As the following chapter analyzes, these expectations not only led to pronounced differences of interests, but also to manifest and sometimes violent conflict.

²² The authors did not have sufficient technical knowledge to verify if injection facilities had been established or not. An immediate connection of introducing injection technology due to public pressure could not be verified.

4

Analysis of local conflicts



This chapter focuses on the tensions, conflicts, and conflict potentials in Melut County. From this perspective, it looks into the interaction and interrelations of social and economic groups and actors, including PDOC, with government components at different levels as well as between communities and the center of rule in Juba. The chapter is structured as follows: Assuming that the history of the civil war still has an impact on the society in the oil fields of Blocks 3 and 7, it starts with a review of the violent conflicts that have and continue to affect the inhabitants of Melut and Maban counties. This review aims to put the local relationships after independence of South Sudan in a historical context.²³

Against the background of the local history, it presents an analysis of the relationship between different actors, as they appeared to be during the period of field research in 2011, focusing on conflict and conflict potentials. This analysis takes into account the relationship between PDOC and the communities, between different groups within communities, between communities and the county government, between the state components of the county as well as the state. It attempts to trace the reasons and motives for conflict, the resources of the conflicting parties and the forms of conflict (cf. also Ohlson, 2008, p. 134).

In a last step of analysis, it displays the different social entities to which the various groups attach themselves as separate "social orders" with own institutions and authorities, internal relations of power, and particular economic resources. It then provides the links between these entities, their interaction, and ways of communication.

Melut and Maban Counties: Conflicts during the civil war and their relevance after the CPA

Melut and Maban Counties were affected not only by the civil war between the SAF and the SPLA, but also by the infighting amongst various armed groups after the split of the SPLA during the 1990s.

War between the SAF and SPLA

The civil war was a struggle over contradictory agendas. The SPLA-leader John Garang's agenda was that of a "New Sudan", which included the semi-autonomy of southern Sudan. The GoS under Omar el-Bashir pushed for oil production under the conditions of war, which facilitated the displacement of the population in the oil blocks. At the same time, the GoS intensified its efforts to Islamize and Arabize the southern Sudanese with increasingly violent attempts by the SAF and growing numbers of militias. The SAF were stationed in southern Sudanese garrison towns, among them Malakal, the capital of Upper Nile State, and Melut (cf. Johnson, 2011, p. 94). As they were located close to the border to the Sudanese regions of Blue Nile and Southern Kordofan, where the SPLA won followers during the 1980s, the population of Melut County had to cope with harassment, displacement, the killing of civilians, shelling of the towns, changing control between the SAF and SPLA, marauding troops and fighters, and coercion to adopt the Arab culture and Islam. Many southern Sudanese gave their children Muslim names to pretend that they had converted and to protect them from harassment by the so-called Arabs, the SAF and militias from the north, which had been armed by the governments under Sadig al-Mahdi (1986–1989) and Omar al-Bashir (since 1989) (int. Chol, 2011). Moreover, the Popular Defense Forces consisted of briefly trained and then armed students, aspirants for employment in the government, and many other civilians, whom the GoS then sent to the southern front to fight the SPLA.

Dividing lines within the SPLA

John Garang increasingly modeled the SPLA on the structure of the SAF, with a centralized hierarchical command structure and its own internal military intelligence. Garang organized the SPLM as the civilian branch of the SPLA under the Political-Military High Command and appointed its members. The guerrilla leaders treated internal power struggles and factionalism within the centralized command structure by removing dissenters "while the causes of dissent were not, and the civil base of the Movement was neglected in favour of the military organization" (Johnson, 2011, p. 91). With the backing of Ethiopian military ruler Mengistu Haile Mariam, Garang, enforced this command structure and managed to reach a high degree of cohesion within the SPLA—resorting to harsh measures against opponents. In contrast, local SPLA commanders were greatly autonomous, imposed their own administration and

²³ The main source used for this review is Douglas Johnson's study (2011) on the root causes of the civil war, which provides numerous further and first-hand sources for further studies on the history of South Sudan.

taxation, recruited fighters independently, and even passed death sentences and summary executions on members of their troops without the required consent of the High Command (cf. Johnson, 2011, pp. 91–93).

In 1990 and 1991, after the defeat of Mengistu Haile Mariam and, subsequently, the loss of the Ethiopian base of the SPLA, Garang shifted the power center to Equatoria region with its capital Juba, thus triggering a power struggle within the SPLA between himself and two senior commanders of Upper Nile, Riak Machar (Vice President of Salva Kiir since 2005), and Lam Akol (Foreign Minister of the GoNU 2005–7 and leader of the opposition party SPLM-Democratic Change since 2010). The commanders perceived this as marginalization of the Upper Nile region. They demanded structural reforms towards more accountability and democratic procedures (ibid., p. 94). Machar, who was based in Nasir in eastern Upper Nile region near the Ethiopian border and received substantial support from the Nuer on both sides of the border additionally strove at changing the leadership of the SPLA. This was the beginning of an ethnicized internal power struggle, which caused high numbers of civilian victims and displacements in the years to come (cf. Nyaba, 1997).

Malakal in Upper Nile State was used as a garrison town of the SAF and furnished with heavy arms and SAF troops while the SPLA in Upper Nile no longer received supplies from Ethiopia and had to cope with the mass return of Sudanese refugees. More than 100,000 southern Sudanese arrived all of a sudden from the neighboring Ethiopian region of Gambella and, due to poor harvests from the previous years, were faced with a scarcity of food. The commanders had hardly anything to share and redistribute among the population, were threatened by the SAF, and had no access to relief aid, which supplied other areas under SPLA control through Operation Lifeline Sudan from Kenya (cf. Sima, 2010, pp. 202–03).

Direct contact with aid agencies, US, and UN representatives gave Machar and Akol the opportunity to increase their stance against Garang, whom the international community considered to be an ally of socialist Mengistu. At this time, the so-called Nasir faction of the SPLA (led by Machar and Akol) started to call for a separation of southern Sudan. The United States supported this claim, which appeared to resemble the ethnic federalism introduced by the new government in Ethiopia and which was also supported by the United States (cf. Sommer, 2010; Grawert, 2010a, pp. 246–48). At the same time, the

GoS used its sudden advantage in the civil war to limit UN food supplies and airdrops. It also manipulated food transports on the Nile so that a portion of the food was delivered to the government-held areas (cf. Scroggins, 2001). It also began to seek contact with the Nasir faction, a move towards actively widening the beginning split in the liberation front. Taban Deng Gai, the former administrator of the refugee camp in Gambella, then head of newly established relief organization of the SPLA, the Sudan Relief and Rehabilitation Association (SRRA), and brother-in-law of Riak Machar, and since 2005 Governor of Unity State, was a key actor besides Machar. They established a contact between Machar, Akol, and the GoS-appointed Governor of Malakal, Gatluak Deng. The latter was a Nuer who had the reputation of pursuing the interests of the southerners from within the NCP (cf. Daniel, 2009). Taban Deng and Gatluak Deng reached an agreement and the GoS began to supply the Nasir faction with arms, thus supporting the attempt of ousting John Garang militarily (cf. Johnson, 2011, pp. 95–96). An additional leader joining the Nasir faction was Gordon Kong Chuol, who had headed Anyanya II and later led the reconciliation with the SPLA, for which he received an appointment into the Political and Military High Command of the SPLA. The Nasir faction demanded to oust Garang and tried to mobilize anti-Dinka sentiments amongst the different Nuer groups and in Equatoria. However, they merely managed to gain control over further Nuer groups besides the districts of the Nuer Jikany, which were already under the Upper Nile command (ibid., p. 97).

The area along the Nile was divided between the Dinka, who lived on the eastern bank of the White Nile in Melut County, and the Nuer and Shilluk on the western bank. Along the western banks of the White Nile, the Shilluk split between those who supported Lam Akol and those loyal to John Garang. Along the Sobat River and in Waat and Ayod districts, people were split in a similar fashion in favor and against Riak Machar. In 1991, after a raid by the SPLA intended to prevent supplies from the GoS reaching Riak Machar's supporters, SPLA Nasir and Anyanya II fighters together with armed Nuer civilians headed to the Dinka districts around John Garang's home area near Bor in today's Jonglei State. There, they took part in a terrible massacre of Dinka inhabitants in Kongor and Bor. While the GoS had provided them with weapons and ammunition, it increasingly took control over the movements of the Nasir faction in its war against Garang's SPLA faction. Years of fierce fighting followed, during which Garang's strategy was to contain the attacks of the SAF in the south and to secure Dinka districts north

of Bor and in western Upper Nile at the same time. In 1994 and 1995, Garang's SPLA faction regained strength and won international support, resulting in the participation of both factions of the SPLA in mediation attempts with the GoS. This created the common ground that gradually led towards reunification of the two factions in 1997. In 2000, Machar returned to the SPLA but failed to integrate all his commanders in the SPLA (Johnson, 2011, pp. 198–102).

In 2005, the CPA addressed some of the causes of the civil war by re-introducing Southern Sudanese autonomy, sharing wealth and power, and security provisions. Yet, this was implemented only to some extent. An important approach of creating security in Southern Sudan was the personnel policy towards key figures from the infighting implemented by John Garang and his successor as President of Southern Sudan, Salva Kiir. They applied cooptation in leadership as a matter of power balance, for example, ensuring Nuer support for the SPLM government of South Sudan by appointing Machar as Vice President. In part, the command structure has remained in South Sudan as a war legacy. Former military leaders of the SPLA occupy senior government positions, such as those of State Governor, Ministers, and Members of Parliament. This legacy shapes the local power struggles, factionalism, and approach by local government officials towards the communities.

The role of oil in the conflict

Not only did the inhabitants of Greater Upper Nile region have to face the reckless implementation of the GoS' oil policy in the late 1990s, they also had to grapple with the deep divide between southern and northern Sudanese as well as between Dinka, Nuer and Shilluk in the course of the war. In Unity State, the GoS put militias in charge of the security of the oil plant who attacked the local inhabitants (interview by Elke Grawert with Nuer elders in Bentiu in 2005). For several years, the Nuer warlord Paulino Matiep led a GoS-supported militia and fought battles with Riak Machar's troops. In Melut and Maban counties, the Popular Defense Forces, armed pastoralist militias from northern Sudan, and the SAF troops from the garrison towns in Upper Nile were all involved in violently driving the local population away from those areas of Block 7 and Block 3 that were destined for oil exploration by the CNPC. In 1992, the Gulf Petroleum Corporation-Sudan, 60 percent of which was owned by Qatar and 20 percent each by Sudapet and a private Sudanese company, started developing the oil fields of Blocks 3 and 7 in Adar and Paloic. In 1998,

the SPLA moved from Blue Nile to the Nyiel Dinka territory near Goldora, from where they fought the SAF and the SAF-allied Dinka Nyiel militias. In 2001, Petrodar began to operate the two oil blocks. In the same year, the SPLA attacked Paloic, but never the oil extraction or production facilities (cf. ECOS, 2006, pp. 11–13; int. Chol; Thomas, 2011). The war was thus a welcome opportunity to lay the ground for extended oil exploitation. The displaced inhabitants fled to other parts of southern Sudan, Ethiopia, northern Sudan, Khartoum, losing property and cattle. Many became victims of famines, battles, and diseases (cf. ECOS, 2006; Johnson, 2011, pp. 79–85; Bol, 2012, pp. 4–7).

In 2002, the Machakos Protocol, which already contained the right to self-determination for southern Sudanese citizens, was concluded between the GoS and the SPLM/A. With this protocol, fighting between the SAF and the SPLA ceased in oil blocks 3 and 7. The SAF remained there until 2008 as part of the Joint Integrated Units (together with the SPLA). Most of the SAF troops in these units around Melut consisted of southern Sudanese militias from the Dinka Nyiel who had followed their leader, William Deng, when he changed sides during the war (int. Chol; Thomas, 2011).

The atrocities the inhabitants of Melut and Maban Counties faced when oil exploitation started are thus to be seen in a complex historical context, the main features of which continued to shape local relationships many years after the end of the war. The issues, fears, and expectations are common to the inhabitants of the two counties and to large parts of the whole South Sudanese society. They have their roots in the war history, are an integral part of the society's experience, and have a significant influence on people's behavior:

- The fear of destruction of the Republic of South Sudan by Sudanese armed forces, armed pastoralist militias from the north, or proxy militias in South Sudan armed by the GoS, linked to the fear that the GoS could abrogate agreements between South Sudan and Sudan.
- The suspicion that the GoS will manipulate the border between Sudan and South Sudan to the economic detriment of South Sudan, for example, loss of the oil fields.
- The belief among some groups that the GoS and some South Sudanese elite factions will make secret deals to consolidate their own power, thus betraying promises made and ideologies spread to the society.
- Continuing marginalization and underdevelopment of Greater Upper Nile region despite its oil

wealth. Local communities fear that they will never benefit from the oil production in their vicinity.

- Doubts about the ability of the SPLM/A to integrate the former SAF-allied militias or so-called Other Armed Groups of South Sudan and to control them fully. Any lack of control would constitute a permanent threat of renewed fighting and atrocities committed against civilians, their cattle, and their properties.
- Fear of ethnic violence and active seclusion into ethnic patterns of belonging, usually driven by the hope of being better protected from “the others” and of benefiting from group pressure for particularistic interest, if the lines of belonging are drawn more sharply. The Dinka–Nuer divide, but also divides between sections and sub-sections of an ethnic group, have become more pronounced. The deepened divides are the reasons why people are reluctant to hand over arms to the SPLA as they fear not to be able to defend themselves against attacks from any “others” (interview by Grawert with Southern Sudanese inhabitants in Jonglei State in 2007; int. Chol, 2011).
- Severe traumatization of civilians who had stayed in the area throughout the war causes sudden and uncontrolled outbreaks of hatred, fear, and disrespect of those who left the region during the war (observation during interviews with individuals in Melut County).
- Aversion against Islam, Arab culture and Muslims who are suspected of collaborating with the GoS or who may betray the South Sudanese. This leads to a growing gap between Sudanese and South Sudanese (interviews by Grawert with South Sudanese inhabitants of Juba, Malakal, Bor between 2005 and 2011).
- Distrust towards government officials, many of whom had a military background in either the SPLA or other armed groups and not only continued to pursue a heavy-handed command structure when they took over political office but also gave priority towards military and security issues while neglecting the interests of civilians. The failure to admit political participation, separation of powers, and to seriously deal with causes of dissent has remained a strong pattern in Upper Nile State.
- Fear of politically induced starvation by closed trade routes between Sudan and South Sudan on land and the White Nile as a means of putting pressure on the Government of South Sudan during negotiations.

Analysis of conflicts after independence of South Sudan

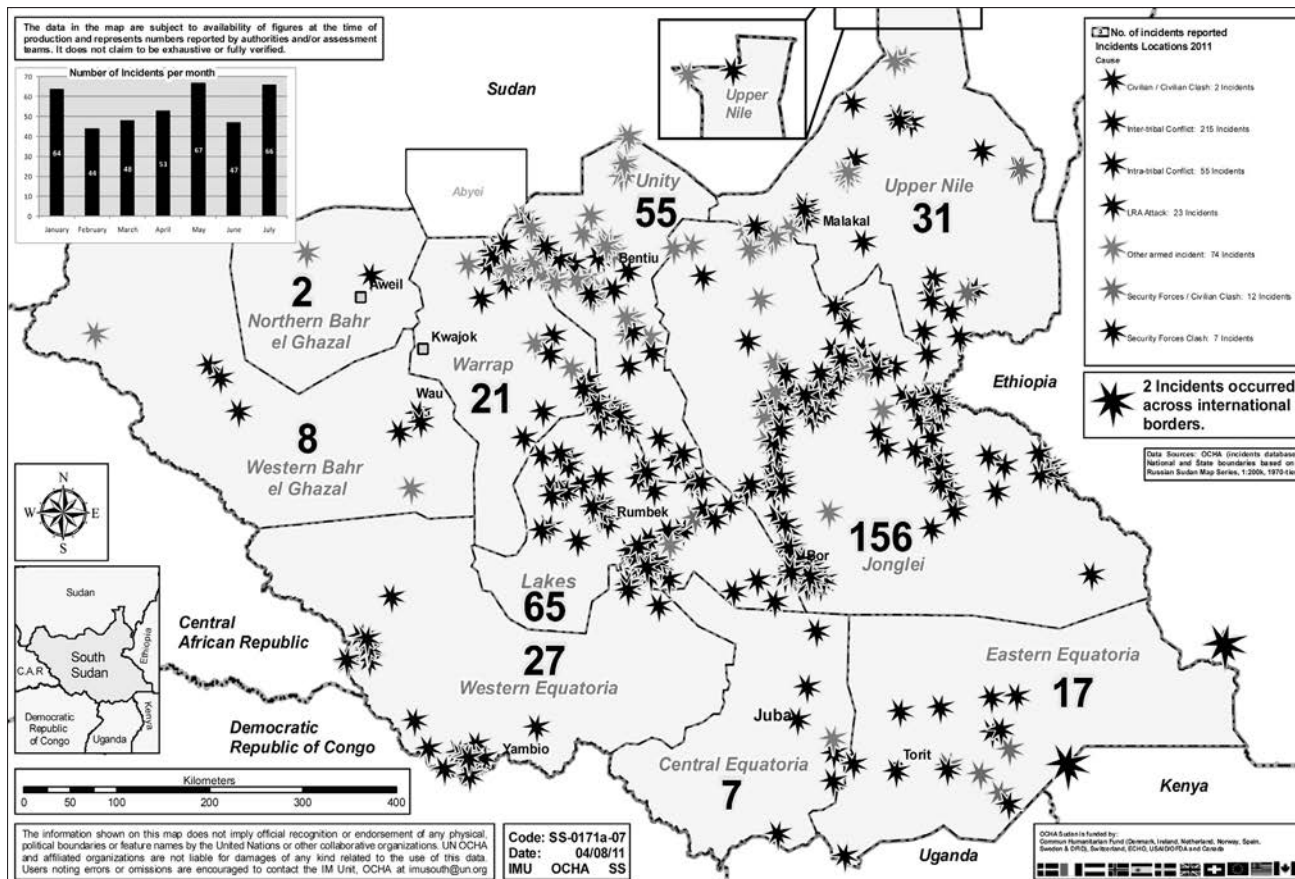
As in other oil-producing African countries, oil investment brought familiar types of conflict to South Sudan. While the majority of the local inhabitants remained inactive and tried to maintain their livelihoods within the imposed constraints, some local inhabitants threw stones against PDOC vehicles and equipment, insulted PDOC staff (int. Bakheit, 2011), blocked roads (int. Fengzang, 2011), cut cables (int. Zhangming, 2011), and voiced complaints against PDOC in the Field Manager's office (observation by the authors, 2011). They even killed a PDOC team leader (cf. ECOS, 2006, p. 25). The grievances related to lack of compensation for land appropriation and infrastructure, lack of development for the population around the oil fields, little employment opportunities, and pollution (cf. ECOS, 2006). Some confrontations occurred due to the entanglement of the oil-related grievances with the untreated wounds of the war history and new political mobilization along ethnic lines.

A further type of conflict emerged after the CPA as a result of serious governance problems, animosities between leaders, and competition among the levels of the decentralized government about oil revenues (cf. Reeve, 2012, pp. 28–31). These conflict lines ran far beyond the county and reached the state government and even the national realm of the Government of South Sudan. None of these conflicts was fought out violently after the CPA. However, some of them carry a potential for violent escalation if the issues at stake become politicized or a mounting economic crisis destroys the feeble hopes for a better life, which had emerged after the end of the war. This section shows examples of conflicts occurring in the areas of oil blocks 3 and 7, puts them into context, traces them to their roots and then analyzes them looking at form, dynamics, and resources. Local actors are categorized according to different social, political, administrative, and economic interests and resources.

This section focuses on the interaction between the following oil-related stakeholders:

- The operating company, PDOC, with its headquarters in Juba and field staff in Melut County, the technical, management and the security department, the engineers and unskilled labor and various contracted companies, mostly from China.
- Local communities consisting of leaders (chiefs or councils of elders), various ethnic sub-groups and sub-sections, a few interest groups, newcomers

Map 4: Conflict incidents in South Sudan after independence



Source: UN OCHA, 2011a.

and their associations, residents and their informal networks, pastoralists, agro-pastoralists, small farmers, traders, a few workers and professionals, elders and youth, women and men, to name only some of the community groupings. They have links to relatives and ethnic groups far beyond the county and networks established during their time as refugees extend to other parts of South Sudan, to Sudan and elsewhere abroad.

- The state and its several components. The community administrators and the county government with its divisions, the local court, police, and the SPLA, which is present in Melut County but is controlled by the central government in Juba. Connections to the governor and the state government in Malakal to the central government in Juba and to the legislative assemblies at these levels exist along the lines of administration and representation.

Conflicts between communities and PDOC

Conflicts about land and compensation for expropriation: Oil exploration and production requires large land areas, which, during the war, had been “cleared” in proxy wars by militias allied to the GoS, through displacement and killing. “There was a lot of displacement in the area once, even forced displacement of pastoralists from grazing land, then pollution, due to poor technology” (int. Ndura, 2011; cf. also Bol, 2012, pp. 4–8). The Deputy Commissioner of Melut County explains:

Land. They want to remove people from the land. They said the land is no man’s land, the Chinese. We have to talk to them that the land is ours. Now we have come to the point that they must give us benefits. They built two schools, but the population is increasing with people from the north. When they are exploring, they need to pay compensation (int. Nyok, 2011).

These statements reflect the perception of politicians that it is the Chinese who expropriate the land. They neither blame the whole oil corporation, which consists equally of Chinese and Malaysian shareholders, nor the GoS for this. The implicit demand for more schools as a means of compensation for using the land comes from the Deputy Commissioner and is directed at the oil company. Yet, in fact, it is one of the local government's main tasks to supply the county with schools and not the oil company's.

After the CPA, PDOC continued to extend the area of exploration, but refrained from using violence. Meanwhile, the South Sudanese Land Act of 2009 and the Petroleum Act of 2012 provide the framework for the use of land by oil companies. While the Petroleum Act explicitly refers to land owners only, mentioning those with "an interest in land", it does not address whether this includes communities with customary user rights (Art. 47). It protects the Government of South Sudan from legal challenges, stating that, if no solution can be found, the Government of South Sudan has the right to expropriate land and give it to investors, with the vague addition, that this must be in the public interest (*ibid.*). According to the Minister of Petroleum and Mining, more regulations will follow (statement by Stephen Dhieu Dau during stakeholder workshop, Juba, 2012).

The Field Manager of PDOC confirmed that violent displacement is an issue of the past and that in 2010 the oil consortium had started to pay compensation for the use of land for oil exploration or production. According to the EPSA, PDOC had set up compensation committees, in which national intelligence officers played a leading role. The extent to which local government and community representatives participated was unclear in 2011 and still is at the time of writing.²⁴ The committee dealt with the demands of the local population such as claims for payment for the damage of their property or for using their customary land for oil exploration and production (information by a security officer in Paloic, 2011, confirmed by Hon. Tetewa from the Petroleum Commission of Upper Nile State during the workshop in Juba, 2012).

The PDOC Field Manager, however, blamed the local communities for demanding too much compensation extending it to non-oil-related investment meant for local development, such as land for agricultural proj-

ects or clinics run by PDOC. He said: "They refused. They asked for compensation. When you touch anything outside the OBC, people get tense. We talk to local government and authorities, but really, the local people here are the biggest constraint" (*int. Bakheit, 2011*). The example of the Friendship Hospital sheds light on why the relationship between locals and PDOC is this tense (see Box 7).

Box 7: "Friendship Hospital" as an example for conflicting interests in land

The "Friendship Hospital" is an example for the changes in the relationship between PDOC and the communities when it comes to access to land. CNPC, as the main shareholder of PDOC, had built the hospital outside Paloic in 2006 under the Civil Transaction Act of 1984/1990, which stated that communities and individuals could not make any legal claims when the government allocated land to an investor. During the interim period after the CPA, land laws were not clear until the GoSS issued the Land Act of 2009.

CNPC built the hospital because it wanted to induce the inhabitants of Paloic to move from the town and settle near the hospital. PDOC suspected an oil source under the town that it wanted to explore. When choosing the location for the hospital, CNPC did not consult the local chiefs, and the commissioner was not yet appointed. The governor of Upper Nile State, who mainly communicated with the PDOC Management in Khartoum, was a member of the NCP at that time. He favored close contact with the oil companies rather than with the communities.

As a result, the location chosen was a plot of land, which was contested between two sub-sections of the Dinka. With the hospital built on this plot, their conflict about land ownership was exacerbated by the expectation of compensation (*int. Chol; Thomas, 2011; cf. Bol, 2012, p. 11*). This conflict has also been the reason why one sub-section refused to move closer to the hospital, as intended by PDOC.

In November 2011, the hospital was run down, although allegedly it had been restored the year before. The operating theater was moist and affected by fungi, roofs were leaking and partly coming down, surgery equipment was dirty, and only very few patients came. Drugs were available, but not at all adapted to the needs of the local population. There were piles of epilepsy

²⁴ During the stakeholder workshop, this issue was discussed vividly, and there was concern among members of the Upper Nile State and national legislative assemblies that the Sudanese system might be replicated in South Sudan.

medicaments but no drugs for malaria treatment or antibiotics (observation by the authors, 2011). Armed SPLA soldiers, who misused the hospital facilities as their homes constituted an additional challenge. In November 2011, armed SPLA soldiers occupied the entrance hall watching TV. They used the accommodation for the hospital staff as their barracks, thus deterring any potential patients from entering. Next to the hospital, there was a temporary settlement for SPLA soldiers who had been staying there for several months with their families, waiting for further deployment. Reportedly, the troops had remained there throughout 2012, with a commander occupying a fully equipped room and declining to leave the place. In 2012, DPOC, in close cooperation with the MPM, contracted a new medical officer and physician as well as a hospital manager who supplied the hospital with medicine and equipment, hired nurses, and restored the premises. The hospital was re-named Paloic Hospital, and the number of patients increased significantly, but the original aim of relocating the inhabitants of Paloic was not achieved.

Sources: Interviews with inhabitants and Chiefs of Paloic; Chol; Bakheit; Amin; Nyok, 2011; Schwengsbier; Modesto, 2012, statements of workshop participants, 2012.

To demand compensation for having a hospital built appears strange at first sight. But if one looks closer, this behavior towards the top-down implementation of a project claimed to be for the community combined with mistrust against the real intentions of an oil company (which just a short time ago, during the civil war, had closely cooperated with the GoS in forcing the local community to leave their homes) is understandable. The Paloic community was more passionate about the issue of land expropriation than the potential benefits of a health service. The policy of supplying community development projects as some compensation for damages and the encroachment on land by the oil company did not have the desired effect. Decisions about such projects lacked a proper consultation process, disregarded the reality of the population and their wishes and needs. The fact that community expectations clashed with the oil company's idea of compensation was also due to the lack of an agreed system of compensation for land expropriation, a clear entitlement, and a procedure of how to identify those who were entitled to compensation. The Government of South Sudan has just started to issue the laws required to guide the relationship

between oil companies and communities. It may still take a while until they are properly implemented.

Conflicts about employment: High unemployment rates amongst young men have been one of the drivers of armed conflicts in several parts of South Sudan after the CPA. The "almost complete absence of livelihoods and infrastructure combined with a hugely disempowered male population with little formal education and few marketable skills" (McEvoy and LeBrun, 2010, p. 20) left young men without a proper role in society. Many, also in Melut and Maban Counties, grew up in a culture of looting and violence during the war. Members of the Goldora youth group for example recounted how, growing up during the war, they only learned how to fight and did not develop any other skills (int. Goldora youth group, 2011). Education, training, and qualification opportunities hardly exist in most parts of South Sudan including Upper Nile State—the precondition for a culture of learning and hard work to make a living. The war history and the militarization of the population put the society at risk to relapse into violence, if no effort is taken to develop peaceful skills among the youth (cf. Grawert, 2012, p. 85). The high numbers of immigrants, some of them holding certificates from abroad, increase the competition for jobs dramatically. This exacerbates the risk of violence and creates the potential for new patterns of tension and conflict between locals and newcomers.

The most important topic among the younger interview partners in Melut and Maban Counties was the hope and expectation of gaining access to employment or training through PDOC. As PDOC had not communicated its employment policy and requirements (providing temporary contracts to highly qualified professionals with key skills and sub-contracting other companies for additional short-term jobs for limited periods) to the local population, many interview partners assumed that there were permanent jobs available at the OBC. Some perceived the denial of employment to South Sudanese as racist and believed that this was the reason why Sudanese and Asian workers gained preferential access to employment (int. inhabitants of Galduk; Melut Sons; Nyok, 2011). Chiefs of several communities claimed that they regularly went to the OBC to negotiate for jobs with the management, however with little success (int. Chiefs of Paloic; Elders of Atieng, 2011).

In fact, PDOC did not announce vacancies locally because the management did not expect to find suitable local candidates (int. Bakheit, 2011; informal

information during workshop, Juba, 2012). According to the Vice President of PDOC, local inhabitants expected to get work in offices, not in workshops (int. Ajang, 2011). The Public Relations Officer of PDOC put it more bluntly: "Local people don't know how to work" (int. Zhangming, 2011).

Local speakers used the establishment of the trade union in Paloic as an opportunity to criticize the PDOC management, work conditions, and in particular, employment opportunities. This happened although the Sudanese Field Manager was present and seated next to the local political leaders. The audience tolerated the Field Manager's speech, but did not applaud (observation by authors, 2011). Hopes were high that, as the Sudanese were gradually leaving PDOC, the company would offer more employment opportunities to local residents—"maybe two people can share one place now, taking monthly turns" (int. inhabitants of Galduk, 2011). Others partly conceded that a lack of relevant skills and qualifications was the primary impediment to local peoples' employment in the oil industry (int. Goldora youth group, 2011).

The clash between the hopes and expectations of the local population with the employment policy of the oil company caused a high level of frustration within the population. Many local youth expressed a hostile attitude towards PDOC staff. This hostility led to occasional outbursts of violence, such as when locals threw stones at PDOC vehicles and insulted and attacked PDOC technicians. PDOC responded to these attacks by hiring 700 locals (int. Bakheit; Ajang, 2011). The official reason for hiring them was to "share the wealth locally and stimulate the local economy" (int. Bakheit, 2011) while in reality they continued to eat and take their salary, but did not do any kind of work in the OBC. If PDOC needed labor for loading or other short-term jobs, the management would hire day laborers "from the market" (int. Bakheit, 2011). Reasons for the low performance of the 700 laborers became clearer in interviews with community inhabitants. The Chiefs of Paloic claimed that the composition of the group was changing on a daily basis, that people were paid their salary at the end of each day, and that none of these laborers was contracted for longer-term work. No interview partner was aware of training courses offered to these workers, let alone of certificates, which PDOC claimed to have given to each released trained individual (int. Bakheit, 2011). This is an indication of at least failing communication by PDOC, but even more so of the high degree of social pressure under which PDOC operated in the oil fields of Blocks 3 and 7.

It appears that the livelihood networks created by community representatives who lobbied for the interests of the local inhabitants have not proven to be effective with regard to access to employment. New networks established by urban youth aiming to secure their livelihoods have started to emerge and, as the Melut Sons, demand preferential access to employment based on origin. Obviously, the background for this is competition with the newcomers to the area. This could trigger the formation of further interest groups based on different common characteristics of social groups and thus the establishment of a lobbying system in the public arena. Considering the background of war and politicized ethnicity in South Sudan, however, an interest group that is exclusively based on origin may rather polarize a society, which is already prone to a number of ethnic and political cleavages. DPOC as the successor of PDOC has a crucial role in moderating these emerging tensions, which have arisen because of its presence as an investor. It could make its employment policy transparent, communicate the requirements for employment and access to training, and pursue a non-discriminatory approach towards all applicants for jobs. DPOC can contribute to the supply of job opportunities even more, if it creates the conditions to satisfy its needs from products and services of the local society and sells some of its products to them. Building a refinery is a first step in this direction.

Conflicts about community development projects and water delivery: PDOC was aware of the need to provide community development in the oil fields, as the Public Relations Officer confirmed. "When you develop oil in the field, you must bring help to the locals. Build a school, a hospital. Every year, a party or celebration ..., water wells, water treatment and land projects" (int. Zhangming, 2011). The Officer added that PDOC did not establish such projects after direct communication with the communities, but that the procedures for community development projects involved several levels of the government. Each project required an agreement between PDOC, the Commissioner, and the local authorities. According to the EPSA, special funds PDOC set aside for community development projects, local infrastructure, and service supply had to be approved by the Minister of Petroleum and Mining (int. Zhangming, 2011; cf. Chapter 2). The Head of the Parliamentary Committee for Petroleum and Mining and the Vice President of PDOC called this "compensation money" (int. Odwar; Ajang, 2011).

The community development activities of PDOC included the building of two schools, a clinic, and the above-mentioned Friendship Hospital, supply of ten tractors to Melut County, and a water purification plant in Melut town. PDOC also had sub-contracted a company to fill large water containers for the communities along the road every morning and evening (int. Bakheit; inhabitants of Galduk, 2011; cf. Moro, 2008, p. 326). Local inhabitants complained that the quantity of water supplied by PDOC was insufficient and that the water delivered by trucks was not safe to drink, because it was dirty (int. inhabitants of Galduk, 2011; inhabitants of Goldora; Elders of Atieng; observation by the authors). Inhabitants of Atieng stated:

PDOC headquarters in Adar are drinking water from the Nile, but we in Atieng drink water from tanks. It is farther to pump oil from here to Port Sudan than to pump water from the Nile to here" (int. elders, 2011).

According to ECOS, PDOC had used the dependence of local people on the water supply through PDOC-hired trucks as a lever and a disciplinary measure and "cut the supply if there [was] any problem with the local community, for instance when there were tensions over jobs in January 2006" (ECOS, 2008, p. 33). The new Field Manager confirmed that the water in the containers was not safe and that sometimes the transport company would use water directly from the White Nile. He claimed that the new PDOC management would solve this by connecting the villages to the water purification plant with pipelines and considered this even to be cost-effective in the medium term (statement by Majak Bilkuei during the workshop in Juba, 2012).

With the control over drinking water supply, PDOC has acquired a position of power over the communities. Besides faint complaints about the bad quality of the water and the occasional roadblock in protest, local inhabitants of Melut County have not taken any action. Instead, they gradually moved closer to the roads to benefit from these water supplies. The oil company in turn benefited from the space where villages had been abandoned to conduct further exploration without any disturbance (visible on satellite images, cf. Mager, 2013). Connecting the villages to a water pipe is likely to have the same effect. The argument of cost-effectiveness does have a point in this case.

Complaints about the lack of community development, which people expected to come from PDOC, were prevalent in nearly all interviews. For many

people "these things are very few in comparison to what the company owns" (int. Thomas, 2011). Furthermore, at the time of the interviews, the school buildings remained unused, as there were no teachers, books, or benches. According to PDOC, it was the task of the local government to staff and equip the buildings (int. Bakheit, 2011).

The institution responsible for the communication between PDOC and the local inhabitants about community development was the State Security (local term for "Intelligence Service"). This scenario goes back to the establishment of oil production during the war, that is, to a context where sabotage and attacks were prevalent. At that time, communities were easily ready to perform armed attacks against PDOC, because they would perceive it as an enterprise of the enemy, the Government of Sudan. After the CPA, the community development department of the PDOC remained under the State Security Office of the GoNU. Until the end of 2011, the Sudanese State Security officers were still at the OBS and in charge of any direct contact with local chiefs, individuals, and groups demanding development projects and other benefits from PDOC (observation by the authors; int. Bakheit, 2011; informal talk with security officer Esmā, 2011).

The involvement of the State Security in the communication with the communities has been highly detrimental to the relationship between the oil corporation and the local communities, whose attitude towards the State Security officers was predominantly hostile. On the surface, their presence reflected a general suspicion of PDOC towards the local inhabitants and implied that PDOC needed protection from the local population, as it had been the case during the war (int. Ajang, 2011). In fact, it rather reflected the mistrust of the GoNU towards the communities in the oil fields of Blocks 3 and 7, because PDOC could have contracted a private security company rather than using the services of the State Security.

In November 2011, the oil company and the MPM discussed changes of EPSA including the set-up of the community development department of PDOC, the successor of PDOC. The initiative for projects was to come from the county or state government, not from the central government (int. Ajang, 2011). However, by November 2012, South Sudanese State Security officers had replaced all the Sudanese State Security officers (statement by Majak Bilkuei during the workshop in Juba, 2012; int. Modesto, 2012). This reveals that the Government of South Sudan, even after independence, keeps on copying institutional settings of



the GoS, the former enemy. Obviously, the Government of South Sudan is securing its control not only over the oil company, but also over the local population. This tendency is also visible in the fact that the government increasingly leaves final decisions about development projects based on oil funds with the MPM, but does not consult with the communities.

The Government of South Sudan plans to clarify the redistribution of the oil wealth in South Sudan for the national development and the development of the oil-producing states in a Petroleum Revenue Management Bill. The discussions during the stakeholder workshop in Juba produced suggestions and demands, which Members of the NLA intend to include as terms of reference in the Bill. A "social audit" is to deliver additional aspects, which can be incorporated in the Bill. Still open questions are how to distribute the planned three percent of the oil revenues to the communities in oil-producing states, how to avoid preferential treatment of these compared to communities in non-oil producing states, and which is the appropriate institution to manage the oil revenue fund.

Conflicts about water pollution: The ponds for bioremediation are a source of conflict between the oil company and the communities. While the Field Manager of PDOC maintained that the pools did not spill over during the rainy season, several inhabitants of the adjacent communities and Melut town claimed that the oil ponds had caused severe environmental problems (int. Nyok, women's group of Goldora; cf. also Bol, 2012, p. 30). When the pool overflows during the rains, the people "begin to shout, it is not good for people's health, sometimes, people die ..." (int. Nyok, 2011). The Deputy Commissioner stressed: "We are peaceful in this area" (int. Nyok, 2011). The Chiefs of Paloic reported that the adjacent fields were flooded with oil-polluted water and that the bad water had destroyed the trees. They also stated that the people were very angry, but did not show it (int. Chiefs of Paloic, 2011).

The community of Gagbang is an example of how local communities deal with these changes in the availability of water. The small village belongs to Paloic Payam and is close to the road that connects Paloic with Melut, and very close to the bioremediation water ponds of the Field Processing Facilities (FPF) Paloic (int. Chol; Thomas; observation by authors; see Box 6). Gagbang is one of the seasonal Dinka villages whose inhabitants cultivate land there during the rainy season. During the dry season, they live in Tar at the bank of the White Nile (int. with inhabitants of Gagbang, 2011). Doctors and local chiefs had told the inhabitants that there are threats associated with living close to those water ponds. The inhabitants, however, maintained that they themselves had not experienced any negative impacts so far. They claimed that local chiefs 'transferred' many inhabitants to Melut and Paloic (cf. also Bol, 2012, p. 9) who would still come back during the rainy season to cultivate millet and sorghum. They did not see any alternative, unless they received access to land elsewhere (int. women in Gagbang, 2011).

In other communities, some inhabitants said that, depending on the direction of the wind, they notice a bad smell emanating from the oil pond. A few persons believed that this had already caused health problems (int. women's group of Goldora; Melut Sons, 2011). Whether or not this is true is one side to the problem. The other is that it once again shows the deep mistrust of local communities towards PDOC. According to the Deputy Commissioner of Melut County, the county government had threatened PDOC to bring engineers from Europe and elsewhere for an independent investigation (int. Nyok, 2011).

Further interview partners mentioned a study about the impact of the wastewater ponds conducted by the Ministry of Petroleum and Mining (MPM) in Khartoum and the Ministry of Agriculture in 2008 (int. Thomas; Dau; Odwar, 2011) the results of which had not been disclosed to the public at the time of the interviews. This was confirmed during the Stakeholder Workshop in Juba, where the Director of Energy promised that the MPM of South Sudan and the oil corporations together would make sure to address the problem of dumping chemicals and radioactive materials used in oil production (statement by Mohamed Lino during the workshop in Juba, 2012).

Despite the destruction of livelihood options (rainfed cultivation, breathing clean air, and human reproduction) through the processes related to oil production, neither community inhabitants nor their repre-

representatives had taken action such as direct protest or violence. Most had remained silent and continued to make their living ignoring the danger; others had moved further away from the oil ponds.

Conflict between communities

In South Sudan, control over and access to land is linked to ethnic belonging (see Chapter 3). If different groups use the same land at the same time (which happens when some use it for rainfed cultivation and others as pasture), most often chiefs and elders regulate the allocation of land and settle the conflicts within and between groups. Changes in the use of land due to investors, the state, urbanization, or high demand by newcomers, require negotiation and appropriate compensation. If this is denied or ignored, violent clashes may occur, which due to the availability of firearms among most of the groups can result in numerous fatalities. Such violent conflicts over land occurred between the Dinka and Shilluk at the western bank of the White Nile and between the Lou and Jikany Nuer in the east in the counties surrounding Melut County. The Dinka–Shilluk issue was highly politicized due to the competition between SPLM and the SPLM-DC (Democratic Change) under the leadership of Lam Akol, which had roots in the SPLM/A split during the war (see Chapter 4).

For various reasons, Dinka society in Melut County has been divided for long. One section, the Nyiel Dinka, had been fighting other sections during the SPLA split in the 1990s. The division between Dinka sub-sections occurred also within the county population and was one of the reasons why some groups of inhabitants of Paloic could not move more closely to the Friendship Hospital and surfaced in other quarrels about access to land, water, and pasture. Local inhabitants and elders from the neighboring county of Maban said that there had been incidences of blood feuds over disputes, which had continued over generations (int. Chol, 2011; Chiefs of Maban, 2012). Yet, it was not clear, whether the conflicts were really between ethnic sub-sections, or whether it was a struggle about preferential access to state revenues (see below).

Mistrust and the rejection of immigrants was a further type of conflict between communities. The Melut Sons, as an exclusive association of youth from ancestral origin in Melut, are a clear expression of this. The tight economic conditions, worsened by the ban of the border trade with Sudan and the high inflation in South Sudan after the halt of the oil production, are

likely to increase hostility against groups from outside. The refugees from Blue Nile State and continuous returns from Sudan and neighboring countries to South Sudan, Melut, and Maban Counties exacerbate this hostility. Should economic pressure grow or political mobilization deepen social cleavages, the still prevalent culture of violence, reinforced during the atrocities of the civil war, has a high potential for further violent conflict.

Conflicts between state components because of oil investment

PDOC and other oil consortia have provided community development projects and scholarships for post-graduate studies abroad (int. Bakheit, 2011). Officially, however, such information never reached the Legislative Assembly in Juba and the Members of Parliament concerned with Petroleum and Mining. Allegedly, the governor did not share information on community development projects or on the amounts spent by PDOC for them, nor on scholarships available. The governor himself would suggest persons for scholarships—possibly relatives. Moreover, community development projects funded by oil companies would not be declared as such, but the governor would claim that they were state projects to score votes in the next elections (int. Ndura, 2011, confirmed by members of Upper Nile Oil Task Force during workshop discussion, 2012). This example of attempts of embezzlement and self-enrichment at the state level of the GoSS points to the structural problem of lacking control institutions. A member of the Legislative Assembly of Juba who insisted on transparency and information sharing brought this case to light.

While In Maban County, the same commissioner had been in office since the elections of 2010 (int. Chiefs of Maban), Melut County saw four commissioners within a period of four years (int. Geith Deng, 2012). Each commissioner had built his own generous house in town within his term (observation during field research, 2011, confirmed by Hon. Tetewa during the workshop in Juba, 2012). Local inhabitants believed that the funds for the houses had come from the state's share of oil revenues. Moreover, each commissioner had employed his own staff in the local administration, replacing the former staff. Such changes implied the denial of services and entitlements by those in power towards others who had lost power, in daily affairs as well as in formal issues (observation by the authors in the commissioner's office in Melut Town, 2011; int. Chol; Thomas, 2011). This favoritism created

a high degree of tension and competition between the followers of each commissioner and divided the local society.

The reason for such behavior was the quarrel over the two percent of oil revenues distributed to Upper Nile State according to the Wealth Sharing Agreement of the CPA. It triggered a fierce power struggle for the position of commissioner in Melut and led the governor of Upper Nile State to issue the four appointments and dismissals within a period of less than four years. While all the commissioners were Agueir or Nyiel Dinka, the division was not between the two sub-sections, but within the local SPLM and related to corruption and patronage over offices and the staff to be employed. One commissioner became head of the local SPLM after his replacement and another one left the county (statements during workshop discussions in Juba, 2012). Moreover, the former commissioners had not agreed to have an election for a local government council in Melut, so that this institution, which would be crucial for checks and balances, was still absent in 2012—which explains why elders and chiefs from the communities in Melut County failed to get any response to their demands, grievances, and claims from the commissioner and the county administration. The flow of oil revenues from the state level stopped at the level of the commissioner and was embezzled for private enrichment and redistribution within a separate patronage network. According to the Paramount Chief of Melut, Geith Deng, the GoS and the GoSS did not let the communities benefit (statement during the workshop in Juba, 2012). Pointing to the wall sheet picture the Upper Nile State discussion group had drawn regarding the links between communities, DPOC, and state components during their group discussion (see Appendix), he said: “We do not know where the community is. We blame our government for this” (translated from Dinka by James Ninrew during the workshop in Juba, 2012). One explanation may be that many individuals occupying political leadership positions had been either SPLA commanders or leaders of other armed groups before and have no knowledge or will to negotiate politically different claims with other social groups. Related to this military background is an attitude, which justifies personal enrichment using state funds as a private compensation for the hardship of war. As local leaders from Maban County put it, these political leaders claimed that it was their turn to “eat” (int. Chiefs of Maban, 2012). It is not surprising that distrust of higher state officials is high in Melut and Maban Counties.

Another conflict, though not necessarily connected with access to oil wealth, has arisen from the drawing of boundaries between Melut and Maban Counties. Schomerus and Allen (2011) revealed that the decentralization policy of the GoSS had exacerbated ethnic tensions. Ethnic identity relates to territories, and with the re-drawing of county and state boundaries and the creation of new counties, ethnic groups, and sections were provided with an instrument to settle their claims. Yet, these boundaries increasingly became “markers of separation between groups” (ibid., p. 15) under conditions of increased migration and pressure on land and resources. This in turn fostered politicized ethnicity during the elections in 2010 and affected the legitimacy of the leaders of ethnic sub-groups who competed with SPLM authorities. As Schomerus and Allen (p. 39) found, the competition led to parallel structures in several cases. A similar power vacuum emerged as it had occurred with the administrative reforms of Nimeiri in Sudan (cf. Grawert, 2008, p. 606 and 1998a, pp. 34–35). The village of Galduk is an example for this: the Chiefs of Maban insisted that it was clearly located in Maban County whereas a former commissioner of Melut claimed that it belonged to Melut County (discussions during workshop in Juba, 2012). The question is whether this conflict has an impact on the access to oil wealth or whether it is rather related to political constituencies and hence, competition within the SPLM.

Conflict between armed groups

After the CPA, in 2006 and 2009, SAF and SPLA divisions of the Joint Integrated Units stationed in Malakal were involved in two violent attacks against each other. A further violent incidence, which happened after the referendum for independence of South Sudan, revealed that the situation between the armed groups in Upper Nile State is tense. These conflicts began as a mutiny of former Sudanese militiamen, most of whom were Southern Sudanese soldiers of the SAF who had fought in the proxy war of the GoS against the SPLA and for continuous access of the GoS to the oil fields on the southern side of the border. After the CPA, these militiamen became part of the Joint Integrated Units and were under the command of the SAF. When South Sudan became independent, they either had to relocate to the north with their arms or submit their arms and move to South Sudan. The former militiamen did not agree with either option, but did not have any other perspective, so they started the uprising. In one fight alone, 22 persons, mostly soldiers, were killed. It then spread across Upper Nile State with violent

Table 2: Conflict parties, conflict reasons, main forms of action, and potential for violence

Conflict parties	Conflict reasons	Main forms of action	
		Evasion, "exit"	Negotiation, lobbying, or misinformation
Communities vs PDOC	Land	Moving away, resigning	Participation in compensation committees
	Employment	Accepting, resigning	Sending representatives for advocacy (rural: chiefs, urban: associations)
	Community development projects and water delivery	Accepting, resigning	Same
	Pollution	Moving away, resigning while staying on	Same
Between local communities	Control over land	None witnessed	Use of chiefs
	Politicization of ethnicity	Hidden reactions	Use of patronage
	Divisions into sub-sections	Hidden reactions	Use of patronage
	Newcomers competing for resources	Hidden reactions	Use of chiefs
Between state components	Competition for revenues from oil investment	None witnessed	Use of patronage
	Lack of laws, regulations, checks and balances	Muddling through	Claiming that services of PDOC come from the state
	Divisions into sub-sections	Hidden reactions	Use of patronage
Between armed groups	Command to relocate to Sudan or disarm	None witnessed	None witnessed
	Lack of livelihood options for ex-combatants	None witnessed	None witnessed

Source: Compilation by Elke Grawert.

eruptions in Melut, Paloic, and Maban towns. More than 18 soldiers died in the fight in Melut town (cf. Boswell, 2011).

Poor perspectives for ex-militiamen to make a living in South Sudan and to integrate into civilian society created the desperate situation. Many South Sudanese men share a similar history of violence. The probability that these groups take up arms again increases with each case of failed reconciliation and integration into civilian life offering proper livelihood opportunities. Unfortunately, the history of South Sudan has seen numerous such developments during periods of official peace.

Table 2 visualizes these findings. Its four categories under "Main forms of action" are a free modification of Hirschman's (1974) "Exit, Voice and Loyalty"

approach, as previously applied in the analysis of action in land conflicts (Grawert, 2009a, pp. 543–48).

It rarely happens that complainants in the above conflicts approach legal institutions. As in other developing nations, the course of law is generally very time consuming and expensive and the technical procedure is incomprehensible to most of the rural population. The above cases show that turning to administrative or political institutions, such as the commissioner, local party leaders, or the member of the National Legislative Assembly hardly leads to predictable results unless the respective actors are involved in a patronage network. Such networks often are organized along ethnic belonging. All other services, such as teachers, roads, other infrastructure, social services, effective measures against pollution, compensation, or secured access to land from government repre-

Main forms of action		
Creativity	Resistance or reckless action	Potential for violent escalation
Setting up irrigated cultivation	Continuing with same livelihood as before, obstinacy	High
Founding interest groups, acquiring skills, saving groups	Violent demand, "laziness"	High
None witnessed	Blocking roads	Medium
None witnessed	None witnessed	Low
None witnessed	Violence	High
None witnessed	Violence	High
None witnessed	Violence	High
Finding niches	Disrespect, hostility	Growing
None witnessed	Uncontrolled appropriation, dismissals and re-appointments	Medium
None witnessed	Embezzlement of state revenues	Low
None witnessed	Violence, hostile reactions	Medium
None witnessed	Violence	High
None witnessed	Obstinacy, keeping arms	High

sentatives usually involve bribery, which most of the rural inhabitants cannot afford (cf. Grawert, 2009a, p. 543). These difficulties and the tactical and financial demands with no guarantee of success frequently deter the afflicted inhabitants from seeking their rights from judicial, administrative, or political institutions.

Another factor for such passive behavior is the distrust and disaffection towards state institutions including politicians and civil servants resulting from earlier negative experiences, especially violent displacement by militias on behalf of the GoS during the war. Forms of action stemming from this experience are summarized as **evasion** or in the terms of Hirschman (1974), "**exit**". Evasion occurs when community inhabitants do not actively oppose actions by the oil company or others who dispute their land rights or dispossess them. They resign themselves to staying without social services,

infrastructure, clean water, employment, and with environmental pollution. Excluded from access to jobs, they may try subsistence production or stay idle. In a divided community, where political leaders stress ethnic difference, hostile encounters with neighbors and newcomers do not always cause violent reactions. But social distrust may arise or increase; suspicion and hatred may grow and reinforce the possibility for a growing number of the local inhabitants to retreat into an ethnic, religious, or local communal identity. Moreover, they may expect powerful actors, such as aid agencies, foreign development organizations or local patrons to take up negotiations on their behalf. They continue to remain dependent and do not take the initiative themselves. It is very difficult to predict future actions of groups that behave this way. This behavior is labeled "hidden reactions" in the Table. These groups may continue to be passive

or suddenly react with outbreaks of violence. In other cases, affected community inhabitants move away from areas affected by pollution. Some of them may take up other, non-agricultural, activities to earn a living or rely on the extended family.

The second form of action is **negotiation, lobbying, or misinforming the public**. Most commonly, chiefs or elders represent the rural population in Melut and Maban Counties. Usually, each ethnic sub-group has its representative, its own culture of electing or appointing its leader and of allocating certain regulatory tasks to them. These representatives meet when there are conflicts between different communities. The parties to the conflict trust the representatives to have a thorough knowledge of the personal, family and neighborhood relations and thus hope to be treated fairly in the **negotiations**. When the community representatives address higher levels of government starting with the commissioner, favoritism (usually along the lines of existing ethnic-based patronage) can occur. Particular negotiation skills are required to convince the higher state officers and government or parliamentary representatives that the interests of the affected conflicting party are similar to the politician's aims. Part of these negotiations takes place within the compensation committees even though they still have no clear mandate or function. The involvement of the State Security makes these committees a biased and uncomfortable institution. Urban population groups may either go along with the same mechanism or, as in the case of the Melut Sons and Free Pens, start **lobbying** for their interests towards the operating company, the government, and towards mobilizing a wider public differently.

As the conflicts between state components at different administrative levels are concerned, competition for revenues that mostly stem from the oil sector seems to come first. Representatives of the Government of South Sudan **misinform the public** by claiming that that the state provided certain services and infrastructure, whereas in fact they were measures of PDOC taken to pacify the local population. This is a common defense strategy for politicians, governors and commissioners who want to stay in office or stand for elections and do not have own benefits to offer to their constituency (cf. also Grawert, 2009a, p. 381).

Creativity describes other constructive activities with which inhabitants deal with conflicts. They found interest groups to magnify the voice of the communities. They overcome the exclusion from employment,

for example, by expanding the traditional agricultural activities into new realms such as irrigated cultivation. They found savings groups to invest in other fields and other economic niches or to accumulate wealth. With creative forms of action, community inhabitants as well as immigrants are trying to compensate for livelihood constraints caused by their limited control of resources. Such groups speed up social and economic change, and, through their mobility, contribute to the high degree of fluctuation in the population. Some of these groups create new conflicts over water and land in the areas they move to, others grow poor, further groups may develop into an innovative socio-economic force (cf. also Grawert, 2009a, p. 544).

Resistance or reckless action includes continuing activities even under adverse conditions, such as rainfed cultivators do in Gagbang near the oil pond. Obstinacy is a form of **resistance** typically used by the poor who hang on to their known habits and actions and may stubbornly go on to cultivate their fields even if they are dispossessed, or even when pollution may damage their health. Obstinacy is another way of expressing feelings of animosity which go back to South Sudanese citizens' experience during the war. Memories of displacement and killing by the Sudanese who chased the inhabitants off their land prevail.

Sometimes, however, obstinacy can prompt higher political leaders or the management of the oil consortium to suggest a compromise. Compensation committees are a case in point: PDOC made an attempt to convince the small farmers to leave the areas the company intended to explore. Invasion and trespassing is another type of resistance, which the operating company might tolerate in the current transitional period. This strategy occurs in the oil field, where farmers use land in between oil wells. With options for such actions, those involved may risk severe reactions from the state or the State Security later on.

The use of violence against PDOC staff by frustrated job seekers is another case of resistance. As a reaction, the oil company employed 700 local inhabitants (even though PDOC did not need them). The hired workers reacted to this gesture by not seriously working or by being lazy as they felt marginalized compared to privileged Sudanese PDOC staff. Memories of war experiences also have a high potential for violence as soon as it comes to land issues, be it between communities and the operating company, or between communities, which belong to different ethnic groups or leaders of competing SPLM factions.

The high number of newcomers attracted by the expected benefits from the presence of the oil company, combined with refugees from the neighboring Sudanese Blue Nile and South Kordofan states constitutes a growing threat to the local communities. More competition for the meager resources accessible to the local inhabitants is unbearable for many, and they express this in showing disrespect for and hostility towards the newcomers. This situation has the potential of growing violence, should there be no progress in integration and in creating more livelihood opportunities.

State components of the GoSS are taking **reckless action**, when they try to appropriate oil revenues for self-enrichment in the context of lacking checks and balances. Motives for this behavior originate in the historical background of the state-building process in South Sudan. Many state officials and political leaders had either been SPLA fighters or militia leaders during the war, who were co-opted into powerful positions by the Government of South Sudan's leadership. Once in power, they adapted their governance style to the style of command they had been used to from the war. It was their attitude that, after the long years of war, it was time to harvest as many benefits as possible (cf. Grawert, 2012, pp. 88–89; confirmed by Justice John Gatwich, Head of the Anti-corruption Commission in Juba, during the Sudan Conference in Hermansburg, 1 November 2012). This behavior is also one of the reasons why communities sometimes react with obstinacy to efforts and claims of state officials; they simply do not expect them to share benefits or improve their living conditions. Many soldiers who were not directly involved in armed clashes refused to relocate to northern Sudan or hand over their weapons as they felt that the arms they carried were the only means of securing their livelihood in Upper Nile State. The potential of these groups for further violence remains high.

Analysis with a concept of social orders

The above conflict analysis revealed contradictory relations between state actors at different levels ("state components", according to Migdal, 1994, p. 3), between different social actors, and between state components and social actors. It also indicated that it is not just the state which creates rules and maintains a monopoly on violence, but that there are continuous negotiations, interactions and forms of resistance which societies perform in the face of

de facto existing multiple systems of rule (cf. also Grawert, 2009a, p. 80).

Here, the term "social orders" is more appropriate for the "multiple systems of rule". Social orders may co-exist or compete, or one social order may try to absorb or conquer another one. By using this concept, the detailed empirical conflict analysis in Chapter 4 attains a slightly more abstract level, thus making it applicable to other case studies elsewhere in the world. As mentioned in Chapter 1, it was a very helpful model to guide the discussions between stakeholders ranging from top-government and oil management to community chiefs during the workshop in Juba of 2012. The concept is presented in six steps:

A first step to take an unveiled look at the realities of state activities is to consider the state as a "field of power" by separating the image of the state from its practices (cf. Bourdieu, 1990, p. 41). The forces determining contradictory behavior of "state components" (cf. Migdal, 2011, pp. 15–16) become visible. This helps to avoid an idealizing perspective of the state as an operative entity and a focus on the deficiencies of the state, as is common in the "fragile state" approaches of political scientists (cf. Schneckener, 2007, among many others). The focus here is on the existing practices, performed by either state components or other actors, without a normative implication.

A second step is to include means of providing for security and protection beyond the state forces. The "oligopolies of violence" concept of Mehler (2004) helps in that. With case studies, Mehler et al. (2010) show that security provision is driven by demand and supply—like any commercial goods. If one security provider, such as the state, could not guarantee security for the society on its territory, there was a high probability that other security providers filled the gap and took over armed "protection" of parts of the society in limited territories (cf. *ibid.*, p. 40).

A third step covers the internal functioning of social orders. For this purpose, the notion of "governance" in its open, non-normative meaning can be helpful. The following four questions briefly demarcate the input side of "governance":

- When and under which conditions are rules and regulations being set?
- How and through which procedures are these rules set?
- Who sets the rules with participation and inclusion of whom?

- Which principles and rules are being set for the organization or steering of the respective governance unit? (cf. Hyden, 2004, p. 16; cf. also Grawert, 2009b, p. 37).

In this sense, "governance" can refer to a state or any other social unit, such as a community, a company, or an armed group, either as a whole, or as sub-units. The output side of "governance" refers to the structures and institutions, which emerge from principles and rules set along the above list of questions.

Step four takes on insights from field research in Central Asian war-affected societies, where researchers found that, even in a war and during the absence of a strong central government, some kind of social order continued to exist. The scholars defined "'social order' as the structuring and structured processes of social reality ... (which) is constantly generated by the interplay of world views and institutions" (Mielke et al., 2011, pp. 1–2).

The problem remains that these four steps do not fully cover a situation where several different groups of actors are organizing themselves and competing with one another in "doing governance". For instance, there was a competition over the "driver's seat" between the GoSS and UN agencies (perception by the Secretary General of the GoSS in an interview by Grawert in Juba, 2007). It was not clear who was ruling the emerging state at that time. In cases like this, a fifth step, an approach termed "contested governance" is helpful to develop the concept of social orders (cf. Grawert, 2007, pp. 392–97). Contested governance denotes processes of peaceful to violent struggles between political, social, and economic actors about who takes over control or domination over a (sub-) society, the territory it inhabits, and its resources. The actors have different or even contradictory interests. The analytical point of departure is the contest between bearers of power and resources. The approach provides insights in the structures carrying and sustaining positions of power and shows links to local, regional, international, and global actors, considering processes and resources. The focus of this approach is on interaction and dynamics in the contest over domination and does not put the state at an outstanding position from the outset. The advantage is analytical openness for the carriers of processes of transformation, external and internal competing powerful groups, equal consideration of sub-regional actors, links between state components and social forces, inclusion of historical, sociological,

political, and economic dimensions. Detaching the approach from the common state-centered perspectives makes it possible to focus on the contested subjects, objects, and structures.

In a last step, the possibility is included that local social units, which to some extent govern themselves and provide for their own security, overlap with the state. Useful approaches for this are the "heterarchical figurations" (Bellagamba and Klute, 2008) and "neo-tribal competitive orders" (Hüsken, 2009). In the approach of heterarchical figurations, the state is

a 'primus inter pares' among several power groups, a configuration which opens spaces of maneuver for non-state power groups, neo-traditional ones as well as 'new guys' within and 'beside the state' (Klute, 2012).

These social units "succeed with their conceptions of order against, or parallel to, or in interlacement with, the state" (ibid.). Similarly, the "neo-tribal competitive order" denotes "a transnational political, judicial, economic and cultural order system, which transforms particular elements of statehood and tribal systems in locally appropriate and partly innovative practices and solutions"²⁵ (Hüsken, 2009, pp. 137–38). Like the above approaches, these concepts stem from observations during field research, in this case, in North and West Africa, where the scholars found heterogeneous social associations of Bedouins competing for political influence and economic success. These associations partly had political entanglements with the state, and partly had taken over state functions and hence, appropriated statehood. In the process, these groups created new political ideas, new institutions, and new political practices (cf. Hüsken, 2009).

In this *brief*, social orders are defined as sets of social relations, which are subject to different forms of governance or domination. They are shaped by their own internal social dynamics, which aim to create cohesion and consolidate power relations, and by particular patterns of control over economic and other, including symbolic and cultural, resources (cf. Bourdieu, 1983). Power relations and links with sub-societies within social orders range from inclusive to exclusive and can vary between participatory, segmented, hierarchical, autocratic, violent, despotic, legitimate, and imposed. Types of social orders are differentiated according to the source of power, the driving force(s) determining the way they function, and the catalysts for cohesion within the orders.

²⁵ Translated from German by Elke Grawert.

The different social orders in a society do not stand alone but are interlinked, as has been explained in the concepts of heterarchical figurations, neo-tribal competitive orders and contested governance. Links occur as soon as several actors have either the opportunity or the interest to control a sub-society, its territory, or its resources, or when there is a shift in the context and general conditions, within which social orders are functioning. Such changes may lead to a power gap or reduce capacities of others to maintain control. As a response, the respective sub-society, territory, and resources will be contested among different power-holders. This may lead to conflict or cooperation and different types of links, among them interconnection, overlapping, dependence, different degrees of competition reaching from contest to violent conflict—all of these are neither mutually exclusive nor exhaustive. This interaction between different social orders usually has an element of economic exchange, ranging from peaceful or violent transfers of money, assets, persons, to extraction of labor, taxes, protection money, armed clashes, expropriation of land, raids, displacement, mass killing, negotiations, alliances, collusion, and other types of transfer. With this approach of social orders, the interlinkages in Melut County and beyond are analyzed and finally discussed.

Social orders in Melut County

In Melut County, at least **five** different **types of social orders can be identified: The communities, the emerging state** with the local, state, and national level, the **United Nations and aid agencies**, the **oil company**, and the **armed groups**. Each of them has particular key actors, and each social order has a different way of functioning. They also have different resource bases and security practices.

The main authorities in **communities** are chiefs and, usually, an elders' council. They are responsible for the settlement of internal and inter-ethnic conflicts and the allocation of land and pastures. Chiefs also play a role in community administration, more or less in coordination with the county government. Before the war, and in other parts of Sudan, resources for the community leadership could be taxes, tithes, fees, and a share from development funds. After the CPA, the commissioner could have paid the chiefs for their services from the state's two percent share of the oil revenues. Yet, chiefs of Maban County stated that they neither receive any money from the community nor from the local government, known as "eating" (int. Chiefs of Maban, 2012).

Some communities have their own organized defense or community protection group, which consists of pastoralists—who carry arms anyway to protect their cattle—, or groups that remained armed after the war and took up this responsibility. In 2011, the police or other state units were available in urban communities but not in the countryside. The power of the communities comes from their potential to vote, once a functioning electoral system is in place. In rural South Sudan, voting tends to be a community process in the sense that voters follow the advice of their leaders and vote accordingly. This still puts pressure on politicians to mobilize voters and to compete with one another. The second source of power of the communities is their potential to turn to violent aggression and sabotage, for example, against staff or equipment of PDOC or the state.

The GoSS has been running the **emerging state** according to a system of neo-patrimonial rule. A formally decentralized administration is subject to centralized rule and overlaps with patron-client relations. Power-holders receive positions in the state either within the patronage network or by cooptation, used to pacify opposed armed groups and former powerful leaders. State components at the county level are government departments, administrative and judiciary authorities, and an emerging police which is complemented by other security forces, such as the State Security, led by the national government. The armed forces deployed in Upper Nile State are made up of SPLA divisions and, until 2011, Joint Integrated Forces. The armed forces form a separate state component at the local level. The economic resources of the state components stem from the share of oil revenues and to a very small extent from taxes and licenses. Sources of power are the state's armed forces and the oil revenues. As soon as the emerging state will have established itself more firmly and be able to enforce law, legislation can be a further source of power. Typical for any emerging state—and South Sudan is no exception—is a weakness of the judiciary due to slow legislature and lack of qualified judges and attorneys. This explains partly the rapid establishment of the State Security as a state component, which in fact controls the pseudo-legal procedures, which are in place as long as proper legal procedures are not working. The State Security is thus a further source of power for the emerging state.

The social order of the **United Nations and aid agencies**, including UNMISS, operates as conglomerates or as individual organizations in Melut and

Maban Counties, Upper Nile State, and South Sudan as a whole. They are present with local offices, mostly in the county capitals. The larger part of their offices and economic resources are not located in the counties, among them the administrative headquarters in South Sudan and their main headquarters abroad. For UNMISS, the UN Security Council, which gives them their mandate, is also part of the external structure. For the aid agencies, the external structures reach to the governments and main offices of mostly Western countries. The various aid agencies, NGOs, and UN agencies compete for funding from these countries, which during the CPA interim period had created two large multi-donor trust funds and pledged further funds after the independence of South Sudan. The United Nations and aid agencies are highly professional in planning and implementing humanitarian aid, with a sophisticated and costly bureaucracy, especially in UN and bilateral aid agencies. Some humanitarian agencies and international NGOs operate with a considerable efficiency, others do not, but all of them are under pressure to justify their presence and future necessity and are accountable to the donors. They set the agendas for the type and logic of development programs and projects to be implemented, not only in South Sudan, but also in other countries, according to norms and "fashions" in development thinking. In the 2010s, the predominant idea has been that peace agreements must lead to a process of democratization. This has informed the way of state-building and has made investment in developing the capacities of administrators, councilors, members of parliament, and civil society organizations a priority (cf. also Grawert, 2007). UNMISS has its own protection forces formally set up according to the UNSC mandate. Aid agencies often employ private security staff from commercial security agencies or local guards. Most of these actors take further security measures in the form of compound walls with barbed wires or broken glass layers on the top or alarm systems. The source of power of the United Nations and aid agency system is the control over funds and know-how. For UNMISS, it is the UNSC mandate.

The **oil company** DPOC. The operating company has its own management on site. Part of its authorities and economic resources, such as its headquarters in Khartoum and then Juba, the Chinese and Malaysian state companies as investors and banks, which govern DPOC through a centralized structure (see Box 2), are externalized. DPOC uses high-technology appliances and few highly qualified workers. It is world market- and profit-oriented and employs international

sub-contractors preferably from China. It concludes temporary work contracts according to qualification and origin; skilled labor mainly came from Sudan and Asia until 2011. Since 2012, it has also hired skilled laborers from South Sudan. Until 2011, PDOC had its own protection forces provided by the State Security of the GoNU. Since 2012, the South Sudanese State Security has taken over, together with SPLA. Walls and hired guards secure DPOC's compound. DPOC's power stems from its capital and the know-how of how to access the oil and convert it into revenues.

Armed groups operate with their own command structures under their commanders or militia leaders. The GoS used to supply the latter with economic resources and they obtained money by looting, cattle raids, and sometimes by raising protection money. Like-minded organizations or politically motivated arms suppliers and traders also furnished them with financial support. Ideological mobilization along ethnic lines was high during the CPA interim period (cf. Ajjugo, 2012, p. 77), and frustration among youth created potential recruits. To some extent, SPLA factions became part of this social order of violence, when they created their local power structures and formed enclaves in a civilian environment, which the upper echelons of the army are hardly able to control. The soldiers living in the Friendship Hospital (see Box 7) are an example for this. A common feature with other armed groups is the redistribution of resources according to loyalty and suitability for patronage relations. Their power stems from carrying arms.

It is obvious that each of these social orders has a different form of cohesion, internal governance, and internal relationships, values, and norms, resources, and security structures. How do they link up with each other?

Links between social orders in Melut County

Communities: It is the county and state governments' task to provide funds for social services and for infrastructure in the communities. Yet, revenues from oil exports, which were to finance such services, did not reach the rural communities. Some of it was spent on services in Melut town, but the majority evaporated at the commissioner's office. The community authorities made numerous attempts to voice the demands and concerns of the local inhabitants and to solicit social services from the county administration, but to no avail. The compensation committees did not satisfy the claims of groups that had to cope with loss of land

and deteriorated environment due to oil production. The link between communities and state components inevitably became even weaker during the economic crisis when austerity measures were introduced. After the shutdown of oil production in January 2012, the state lost more than 90 percent of its revenues.

Bartering and cooperation used to be the common way of interaction between communities. After the war, however, many civilians, in particular pastoralists, kept arms to defend themselves and their families in cases of renewed attacks. This might become an acute problem during the crisis after the shutdown of the oil production in some communities when destitution increases, possibly causing desperate attempts of looting and stealing by groups without other viable livelihood options. At the same time, violent appropriation of cattle, food or goods might also be a last resort for some community inhabitants who lost their usual livelihood options during the crisis. Such action would be directed against other communities, most likely those from a different ethnic background, or different sub-sections of the Dinka, or immigrants.

Expectations of a direct share of the oil wealth shape the interrelations between **communities** and **DPOC**. Communities express these by demands directed at DPOC as well as occasionally violent action. The operating company in response established community projects and offered jobs. The dissatisfaction with low paid jobs for local inhabitants created a vicious circle of laziness and obstinacy, which enforced the view of the Sudanese field management that the South Sudanese are not able or willing to work. It is an open question whether the circle will break after South Sudanese managers of DPOC replaced the Sudanese in 2012.

UNMISS and a few **aid agencies** and international NGOs had offices in Melut in 2011, but their efforts were not visible in the communities visited.

UNMISS had a small gated camp at the edge of Melut Town with their own power system, water supply, satellite connection, and vehicles. The offices were in containers, supplied with electronic devices, air condition, and neon light. According to the UNSC mandate, stipulated by Resolution 1996, they were to support peace consolidation through state-building and economic development. It was also their task to support the GoSS in conflict prevention, mitigation, resolution, protecting civilians, providing security, establishing rule of law, and strengthening the security and justice sectors (UNMISS, 2011a). This implies close cooperation with the GoSS and the SPLA.

The locally present aid agencies were involved in health and education services in Melut town and some communities, but not in those visited during the field research. They had also set up refugee camps in Maban County.

From the local perspective, **the emerging state** is present with a high turnover of commissioners and their staff in Melut County, and weak supply of services. The state is visible mainly in form of county offices in county capitals. In the rural areas, it is represented by the SPLA and the State Security in charge of protecting the oil field. Further local relations between state and operating company are visible in frequent visits of the commissioner bargaining for free flights with the company airline and probably negotiating further support for construction in Melut town. All these relationships involve oil-based funds. The higher levels of state, in particular the Ministry of Petroleum and Mining and the South Sudanese Nilepet parastatal in Juba have increasingly taken control over the management of DPOC.

Table 3 provides a schematic overview of the links between the social orders from the perspective of Melut County. The social orders in the vertical column have to be understood as those from which action is taken that influences those in the horizontal row.

Table 3: Links between social orders from the perspective of Melut County

Social order	Community	State components
Community	Either peaceful coexistence, negotiation, exchange, market relations, or competition for resources, fights for land and cattle, feuds between Dinka sub-sections.	Demands for social services, infrastructure, employment.
Emerging state	Neglect or redistribution in patronage networks.	Competition for revenues along factions within the ruling party of SPLM, self-enrichment, fund embezzlement, low links between county government and Legislative Assembly of Juba.
Operating company	Takes land, pollutes land and water, funds development projects, festivals and compensation to limited extent, supplies water, hires local inhabitants and trains some as a means of pacification, tries to use projects to make residents on oil sources move out.	Cooperates in compensation committees, sets up projects top-down, sometimes in coordination, sometimes uncoordinated with GoSS, "sponsors" Commissioners, uses State Security Service.
Armed groups	Recruit youth.	Attacks in neighboring counties.
UN and aid agencies	Provide mainly humanitarian assistance and few social projects.	Support, capacity-building, competition in policy-making.

Source: Compiled by Elke Grawert.

Operating company	Armed groups	UN and aid agencies
Community leaders communicate demand for employment, compensation; individuals commit acts of sabotage.	Avoids them, some youth join or are ready to join for ideological reasons and to make a better living.	Receives assistance, sometimes relation of dependence, many have no relations.
Attempts to control PDOC / DPOC at central GoSS level, sets up compensation committee in county, provides Security staff and SPLA "protection" while SPLA occupies Friendship hospital, attempts to get benefits, personal privileges, on the other hand, fueling hostility against PDOC staff on racist and war history grounds.	Forceful disarmament, clashes, attempts of integration in SPLA or offices.	Outsourcing responsibility for social services and humanitarian assistance.
Consortium operates with top-down centralized decision-making, hardly chances to take in suggestions from PDOC and communities in a formal procedure.	Formerly used militias for protection, since CPA no relations known.	No coordination known.
So far no attacks on oil facilities in Melut County.	Clashes with SPLA factions.	No looting known in Melut County.
Not known.	Temporary withdrawal, high protection measures.	Cooperation, partial coordination, competition, sometimes parallel uncoordinated projects.

Conclusions and recommendations

The period of field research in late 2011 took place during the last phase of oil exploitation in the GoS-dominated system and revealed many of its particular features. There is a veritable danger of “copy and paste” (John A. Akec during the workshop in Juba, 2012) of this system in independent South Sudan, as many of the South Sudanese leaders were socialized into the Sudanese autocratic structures and the similarly autocratic command structures of SPLM/A during the civil war. This *brief* presented the flaws, grievances, injustices, and unfairness incorporated in this system showing what to avoid and what to preserve in the future relationship between state components, communities, and large-scale investors.

At its various levels—central, state, and county—the state has a crucial role to play when it comes to the impact of oil investment on communities. The role of the oil company is important, but has to be considered in the political context. The nexus between oil and conflict determined the relationship between northern and southern Sudan since the discovery of oil in the then Southern Region in the 1970s. The control over oil was one of the three main causes that led to the second civil war in 1983. The other causes were the imposition of Sharia law throughout the country and the re-division of the Southern Region by the GoS under Nimeiri (cf. Grawert and El-Battahani, 2007). The latter was also related to the GoS’s interest in unhindered access to the oil wealth. In the southern Sudanese regions bordering northern Sudan, the GoS used the war to clear large areas of their inhabitants to offer free access to oil companies for exploration. Displacement and large-scale killing in this context are among the war legacies, which caused entrenched hostilities, distrust, and led to sabotage by Southern Sudanese against the Asian-dominated oil companies operating in Southern Sudan during the war. After the return of the displaced people, land conflicts ensued.

The Comprehensive Peace Agreement (CPA), concluded after 22 years of civil war in 2005, re-instituted the Southern Region by granting semi-autonomy to Southern Sudan and furnishing it with its own regional government. The Wealth-Sharing Agreement as part of the CPA did not only stipulate the division of the oil revenues accruing from the Southern Sudanese sources between the Government of National Unity (GoNU) and the Government of Southern Sudan (GoSS), but also a priority for developing the marginalized economy and society of Southern Sudan. This study assessed this part of the CPA as a bold attempt

to overcome the dangers of the resource curse, which had led to the biased development of Sudan, favoring the capital and the Nile triangle at the expense of all other regions in the south, west, east, and far north of the country.

The CPA succeeded in keeping peace between Sudan and Southern Sudan. There were only small and short incidences of armed violence between SAF and SPLA troops in Abyei and in its early phase, militia attacks in Southern Sudan sponsored by Khartoum. However, lacking transparency in sharing data about oil production, export and, hence, the revenues to be divided, and long-lasting quarrels about the Petroleum Commission were indicators of a continuation of disputes about the allocation of oil wealth between the GoNU and the GoSS.

Disagreements escalated immediately after the end of the CPA interim period and after independence of South Sudan in 2011, when most of the oil wells were located in South Sudan. Quarrels over compensation and fees for the use of the Sudanese pipelines culminated in the shutdown of South Sudanese oil production in early 2012 and subsequent armed attacks by the SAF and the SPLA, which directly affected the oil fields in Heglig, Sudan, and Bentiu, South Sudan. The study showed that this harsh reaction has its roots in distrust and fear of renewed war on both sides, fueled by the priority spending of oil revenues for “security”, that is armament and the build-up of the SAF and SPLA so that both countries were prepared for the eventuality of a renewed war. To divert attention from the increasing struggle of the GoS to remain in power in the face of urban uprisings and new civil wars in South Kordofan and Blue Nile States, Sudan propagated South Sudan as a common enemy.

But South Sudan had a similar problem. Its government had consolidated its power by co-opting militia leaders into leading political and army positions, ignoring the high corruption within the emerging state. After independence, the government of the Republic of South Sudan blamed Sudan (the long-term enemy) for using oil revenues to purchase weapons to attack the new Republic. When the South Sudanese Government stopped oil production in January 2012, it was forced to execute strict austerity measures and drain channels of corruption. At the same time, shutting down oil production was used as a way to show the world that South Sudan had become a sovereign country capable of taking its own decisions.

The study put the relations between the communities, state components, and the oil company in the greater historical and contemporary political context without which the distrust and hostility against the northern Sudanese management and the State Security as communicators with the communities would be difficult to understand. It presented the development of different social orders with their ways of accessing resources, providing security, and internal relations of power as a war legacy. During the war, communities had been destroyed, displaced, and partially survived on their own with a resource base in cattle husbandry, cattle raiding, and seasonal subsistence agriculture. Led by their ethnic chiefs, they maintained a status of self-rule, stressing their ethnic identity and origin. They had to cope without a state and government and became victims not only of the SAF and militias fighting for the GoS, but also of the internal strife within the SPLA and other armed groups. Some community inhabitants colluded or joined the armed groups, at least temporarily. Some benefited from humanitarian aid and returnee assistance by humanitarian aid agencies and the United Nations, but many moved without any organizational involvement. Considering this history, it becomes clear why communities in Melut County did not actively pursue their interests and contact the emerging South Sudanese state, the oil company, or aid agencies. Only a few mostly male local community inhabitants went directly to the oil company and asked for jobs, demanded compensation, or any other issues. Due to their previous experiences and internal structure, the local inhabitants mostly left the task of linking up with the state, aid agencies, and the oil company to the community representatives. Only in the towns did citizens start to form interest groups and associations, which found new ways of forwarding claims, such as lobbying and raising awareness.

The oil company Petrodar Operating Company (PDOC) had started oil exploration during the civil war, benefited from the eviction of inhabitants through the militias, and began production after the conclusion of the CPA. The study revealed the ambivalent stance PDOC took towards the communities after the end of the war. It showed that PDOC was interested in seeking peaceful means of pursuing its exploration and oil exploitation interest on the land of the local communities. It described the company's various attempts to make the inhabitants move to other places. At the same time, PDOC began to see the need of improving the relationship with the local population and began to apply rudimentary CSR measures. Whereas infrastructural projects, such as roads, water,

and electricity can be used by PDOC and the local population, the building of schools and hospitals, the supply of water in containers, provision of unskilled jobs, the distribution of tractors and sponsoring of festivals are all projects meant to pacify the communities by propagating some concern for their needs. These were steps towards balancing the profit interest with the needs of the surrounding communities. Yet the study clearly revealed that the substantial needs of the population, namely more economic options for securing their livelihoods and the protection from pollution are far from being addressed and that local actors were not included in the decision-making process.

The study provided evidence that the emerging state of South Sudan has been trapped in the resource curse and is replicating structures of domination in a similar way as the GoS used to do. The emerging state has neo-patrimonial rent-seeking features and redistributes wealth largely within an ethnic patronage system. The government of South Sudan has consolidated its power by coopting former adversaries and violently suppressing other armed groups and factions. It has pursued a biased development policy favoring the capital of Juba, constructed infrastructure and buildings for its own state structures, and extended the security apparatus formed by the SPLA and intelligence service. The rural areas, in particular in the northern states, remain marginalized, and the two percent of the oil revenues destined for the development of the oil producing states did not trickle down beyond the offices of the counties. Moreover, the study revealed that the government of Melut County is caught up in political rivalries, which led to favoritism in the allocation of the position of the commissioner of Melut County. The relations between the county administration and the communities have remained extremely weak, with hardly any visible attempts by the government to reach down to the county inhabitants. Relations exist between the commissioner and the PDOC Field Management, but merely for soliciting benefits directly for the county capital, and not for broader community development. This makes it even more important to take advantage of the break in oil production to develop a novel approach in oil-related relationships between state, oil companies, and communities.

One of the expected outcomes of the shutdown of the oil production is the drainage of the channels for corruption. The challenge will be to make this drainage work permanently, even after resumption of oil production. The links between the social orders

co-existing in the oil field provide the following entry points for policies and social, political, and economic action to change the relations between state, oil companies, and communities towards negotiated ways of dealing with the oil-related conflicts in South Sudan:

A reversal of the resource curse can lead to equitable development of South Sudan. It requires

- Settlement of the remaining issues of the CPA, in particular the regulation of access to the oil revenues. The Addis Ababa Agreement in the AU-HIP framework is a step in this direction. In addition, the Government of South Sudan and the GoS need to agree on regulations about cross-border trade.
- Priority on the use of oil for fostering internal development. A refinery in South Sudan to secure cost-saving domestic supply with petrol and to make use of the by-products of oil to tarmac roads, etc. are crucial for an economic turnaround.
- Revenues from the oil export and from the oil companies' development funds as well as from international aid agencies to primarily develop agriculture and its backward and forward linkages. Ideas and plans, which have been developed in Melut County by different actors—community inhabitants, the Deputy Commissioner, and the Field Manager of PDOC—could be a starting point for developing an agricultural plan that benefits the communities. These ideas focus on different approaches of how to establish irrigated cultivation along the White Nile. Community inhabitants are ready to start the necessary preparations, as soon as they get access to credit. The former PDOC Field Manager suggested a project funded by PDOC to supply PDOC staff and workers with vegetables on irrigated land, and he considered this to work as a model for local farmers, which the new Field Manager might be willing to pursue, too. The approach of the deputy commissioner was less clear. He might have had in mind to attract large-scale investors in irrigated commercial agriculture along the White Nile. This would exclude the participation of small-scale producers.
- Linkages between the large-scale investors in oil production and the local economy. The argument that there is no local skilled labor does not necessarily have to lead to hiring foreigners. It can be addressed to the state as a request to train more local population groups in the required trades and skills, be it driving, logistics, repair, catering, waste clearance, and any other services and manufac-

turing needed to maintain the operational base camp. According to the Vice President of PDOC Bjor Ajang (int., 2011), plans existed to develop trades and industries around oil production, among them carpentry, construction, and metal industry, to incorporate the local population more strongly in income-generating activities that are also needed by the operating oil company.

The resumption of oil production with new priorities can create synergies between social orders. The stakeholder workshop in Juba revealed that communication is possible, and that each party is aware of the main oil-related problems.

Our recommendations deliberately focus on economic development. The analysis reveals that the main concerns expressed by interview partners from communities were economic requirements to secure the livelihoods of the local population. Moreover, the analysis of the oil company's officials' statements indicates an apparent willingness to support the communities' requests. Support activities, however, must include the involvement and participation of the local population. These measures, if successfully implemented, affect the sources of the local conflicts on many levels and may thus close the identified possible entry points for the return of violence. At the same time, they may improve the relations between the separate social orders creating beneficial links amongst them. Such links could possibly go beyond terms used in diplomatic language, such as "participation", "ownership", "conflict transformation" and "corporate social responsibility". Redistribution and inclusion might become genuinely relevant in the process.

The commitment of the state government and county administration to steer community-centered development as outlined above is yet another measure to strengthen the thin links between the emerging state and the communities. Policies can support the oil companies' investment in community development with the intended three percent of the oil revenues accruing from production in Upper Nile State and other oil-producing states. The administration can focus on providing training and supplying technical teachers, agricultural extension services, school-teachers, medical doctors, and nurses.

As soon as income is generated in the sectors outside the oil industry, the administration can legitimately raise taxes to maintain and improve infrastructure and pay for personnel in the future. Besides, the oil

company could pursue plans outlined by its Vice President to expand the water and electricity supply in Melut County. Local laborers can get jobs in building extended pipes, and it will be the task of the state to impose such prerequisites on the investors receiving the tender. This will strengthen the links between state, oil company, and communities. The same applies for the plan to tarmac the Melut–Paloic road, and many other projects.

Aid agencies can support this turnaround by bridging gaps. It will be their first priority to temporarily provide humanitarian assistance, food, and housing to alleviate the tight conditions stemming from the influx of returnees and refugees, and the damages caused by floods. Their technical assistance in setting up irrigated agriculture, training local veterinarians, providing appropriate schooling, and technical colleges will help to fulfill the main demand of the local population for a greater variety of economic livelihood options. Technical assistance may also be required to establish a working local land commission, which needs to take the community leaders on board when allocating land so that customary rules can be observed. Close coordination between aid and development agencies and the state and county administration will be necessary. To involve the oil company in these activities will be crucial. It is now time to make oil revenues work in favor of the population.

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- SSPRC. See South Sudan Peace and Reconciliation Commission.
- SSRC. See Southern Sudan Referendum Commission.
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Appendix

Interview Guidelines

1. Informants in Juba: 14 to 25 November 2011

Accessibility of research sites, security, contacts with oil managers & experts, recent developments in oil sector after independence, situation in communities in oil fields

- Personal background and expertise of interview partner?
- Current security situation in oil blocks 1, 3 and 7 and along Sudan–South Sudan border?
- Armed groups active in these areas? Armament of civilians? Activities of SPLA?
- Access to UN Security Office in the field (Malakal, Melut)?
- How to reach the oil field of Paloich? Letters required?
- Current situation of state ownership / contracts / shareholding of oil corporations in South Sudan?
- Administration of oil investment, state levels, responsibilities, control?
- Problems and plans of distribution of oil revenues? Transparency?
- Roles of state and county government in revenue administration?
- Government plans for economic diversification?
- Civil society organizations dealing with oil issues?
- History and current state of oil exploration and production in Blocks 3 and 7?
- Location and tasks of head offices of the oil corporations (WNPOC, PDOC)?
- Structure of WNPOC and PDOC; details of oil production; compensation; organization of development projects run by oil companies?
- Process of oil sale, sources of revenues?
- Characteristics of staff and workers employed / trained in oil companies; employment of South Sudanese?
- Role of oil corporations in development; procedures of establishing projects?
- Approaches to deal with pollution, oil production-related risks to safety?
- Relationship communities–PDOC / CNPC?
- Relationship PDOC– state security forces, police, SPLA?
- Relationship Ministry of Petroleum and Mining / Governor / Commissioner–PDOC?
- Current social, political, economic, agricultural, ecological situation; returnees and refugees in communities in Upper Nile State?
- Land use and conflicts?
- Relationship communities–County government?

- Initiatives of community inhabitants in oil producing areas?
- Further relevant contacts?

2. Informants in Malakal: 26 to 28 November 2011

Besides the above issues:

- Details about Oil Task Force, Upper Nile State?
- Role of the Oil Commission?
- Role of the Governor and Commissioner and relationship with PDOC?
- Civil society activities regarding oil production in the state, and relations with communities in oil fields?

3. PDOC Manager, staff, contractors: 29 November to 2 December 2011

Besides the pertinent aspects of the above issues:

- Details about PDOC–community relations, assessment of development needs and development approach; training and employment of local inhabitants?
- Details about PDOC–GoSS relations, different levels; coordination of development programs or projects?
- Details about role of state security in community development?
- Details about development funds?
- Future development plans?
- Details about oil production process, visits of production sites and oil waste areas?
- Details about water projects and supply services?
- Details about Paloich Hospital; CNPC as investor, approach of choosing location, building, history, current situation, community relations?
- Changes in the area due to oil investment?

3. Informants in communities incl. Paloich, Melut: 1 to 9 December 2011

Besides the relevant aspects of the above issues:

- Characteristics and numbers of inhabitants, history, main activities?
- Land ownership and tenure?
- Relationship with PDOC; compensation?
- Ideas about development?
- Initiatives and activities for development; local self-organization; ideas about key actors to bring development?
- Role of community leaders in presenting demands / complaints of communities to PDOC / county government?
- County development plans?
- Local conflicts; ways of conflict resolution?

Name of interviewee	Type of interview	Institution	Position	Date
Juba, South Sudan				
Charles Boum, Mabil Dau	Interview	UN Civil Affairs Division	Officers for Malakal	14 Nov. 2011
Faruk Gatkuoth Kam	Interview	WNPOC	Vice President	16 Nov. 2011
Mr Siriwanda	Interview	UNMISS	Head of Security	17 and 23 Nov. 2011
Macar Aciek Ader	Interview	Ministry of Petroleum and Mining	Undersecretary	17 Nov. 2011
Qian Fengzan	Interview	CNPC	Geophysicist	18 Nov. 2011
Hon. Akot Dau	Interview	National Legislative Assembly, Standing Specialized Committee of Land, Natural Resources, Agriculture and Environment	Maluoth, Baliet and Akoka Counties Representative; Constituency No. 8 Upper Nile State (SPLM)	21 and 22 Nov. 2011
Li Zhangming	Interview	PDOC Juba Operational Headquarters	Duty manager	21 Nov. 2011
Hon. Pascal Bandindi Uru Ndura	Interview and debriefing	National Legislative Assembly, Standing Specialized Committee of Land, Natural Resources, Agriculture and Environment	Caretaker of the Committee	21 Nov. and 13 Dec. 2011
Hon. Henry Dilak Odwar	Interviews and debriefing	National Legislative Assembly	Caretaker of the Committee for Energy and Oil	18 Nov. and 13 Dec. 2011
Bjor Ajang	Interview	PDOC Office	Vice President	11 Dec. 2011
Prof. Sibrino Barnaba Forojalla	Informal conversation	Ministry of Higher Education, Research, Science and Technology	Undersecretary	13 Dec. 2011
In Upper Nile State				
John Deng	Interview	Community Security and Small Arms Control (CSSAC)	Senior Inspector	26 Nov. 2011
Father Matthew Pagan	Interview	Commission Justice et Paix	Priest	28. Nov. 2011
Anton Hooks	Informal conversation	UNMISS, Malakal	Civil Affairs Officer	28 Nov. 2011
Hago Bakheit	Interviews	PDOC Operational Base Camp (OBC)	Field Manager	29 and 30 Nov., 2 Dec. 2011
Dr. Mohamed Ahmed Amin	Interview	Friendship Hospital	Medical Officer	30 Nov. 2011
Five Chiefs of Paloic Payam	Group interview	Indigenous community administration	Chiefs of Dinka sub-sections	1 Dec. 2011
Hago Bakheit and Mr Esmā	Observation and interviews	PDOC	Field Manager, Security Officer	30 Nov. and 8 Dec. 2011

Name of interviewee	Type of interview	Institution	Position	Date
Joseph Monybury Nyok	Informal conversation and interview		Deputy Commissioner of Melut	2 and 7 Dec. 2011
Abdalla Deng Chol		Former student at University of Khartoum	Project Research Assistant, key informant on Dinka society	3 to 7 Dec. 2011
John Thomas	Informal conversation	Former county government officer		3 to 5 Dec. 2011
Peter Pagual Dau		Local government committee for oil compensation	Representative	3 Dec. 2011.
Telefun Kelkek		Payam administration	Administrative Officer of Goldora	4 Dec. 2011
Women's group of Goldora	Group interview			4 Dec. 2011.
Youth group of Goldora	Group interview			4 Dec. 2011
Free Pens (Gideon Abraham Nul)	Interview	Civil society organization		5 Dec. 2011
Melut Sons (Aroub Joh and another member)	Interview	Civil society organization		5 Dec. 2011.
Elders in Atieng	Group interview. Some still quite young			6 Dec. 2011.
9 – 30 inhabitants and village chief of Galduk (John Chuol Kon)	Focus group interview. Numbers of group increasing during interview.			6 Dec. 2011.
Women of Gagbang	Group interview. Numbers of 3-8, fluctuating during interview			7 Dec. 2011
In the context of conferences in Hermansburg and Juba				
Arkangelo Modesto	Interview	Paloic Hospital	Medical Director	31 Oct. 2012
Jutta Schwengsbier	Interview	Nojum Multipurpose Co. Ltd.	Manager	31 Oct., 28 Nov. 2012
Chiefs of Maban: Bol Yahabe Liety, Ruun Ngona Awey, Omi Naju Buli	Group interview	Indigenous administration, Maban County	Paramount chief (sultan) and chiefs	28 Nov. 2012
Geith Deng	Interview	Indigenous administration, Melut County	Paramount chief	28 Nov. 2012
Lokiru Matendo	Informal talk	Lutheran World Federation	Coordinator of eight refugee camps in Maban County	28 Nov. 2012

WORKSHOP PROGRAM

“SOCIAL DIMENSIONS OF OIL EXPLOITATION IN SOUTH SUDAN”

DAY I: TUESDAY 27 NOVEMBER

Venue: Aron International Hotel

Hall open from 14:30

Time	Topic	By
15:00 – 15:15	Welcome	Official (<i>to be confirmed</i>)
15:15– 15:45	Introduction and Objectives of Workshop	ECOS & SCC
15:45– 16:15	<i>Company-Community relations in Pariang County</i>	Dr. Leben N. Moro, University of Juba <i>Discussant</i>
Tea Break		
16:45-17:15	<i>Labour practices in (South) Sudan’s Oil Industry</i>	Dr. John A. Akec, Chair University of Northern Bahr al-Gazhal, Academics and Researchers Forum for Development (ARFD) <i>Discussant</i>
17:15 - 18:30	Discussion on both topics	Moderator : Rev. James K. Ninrew
18:30	Closing Day I	Hon. Henry Odwar, Chair Energy Committee SSLA

19:30-21:00	DINNER
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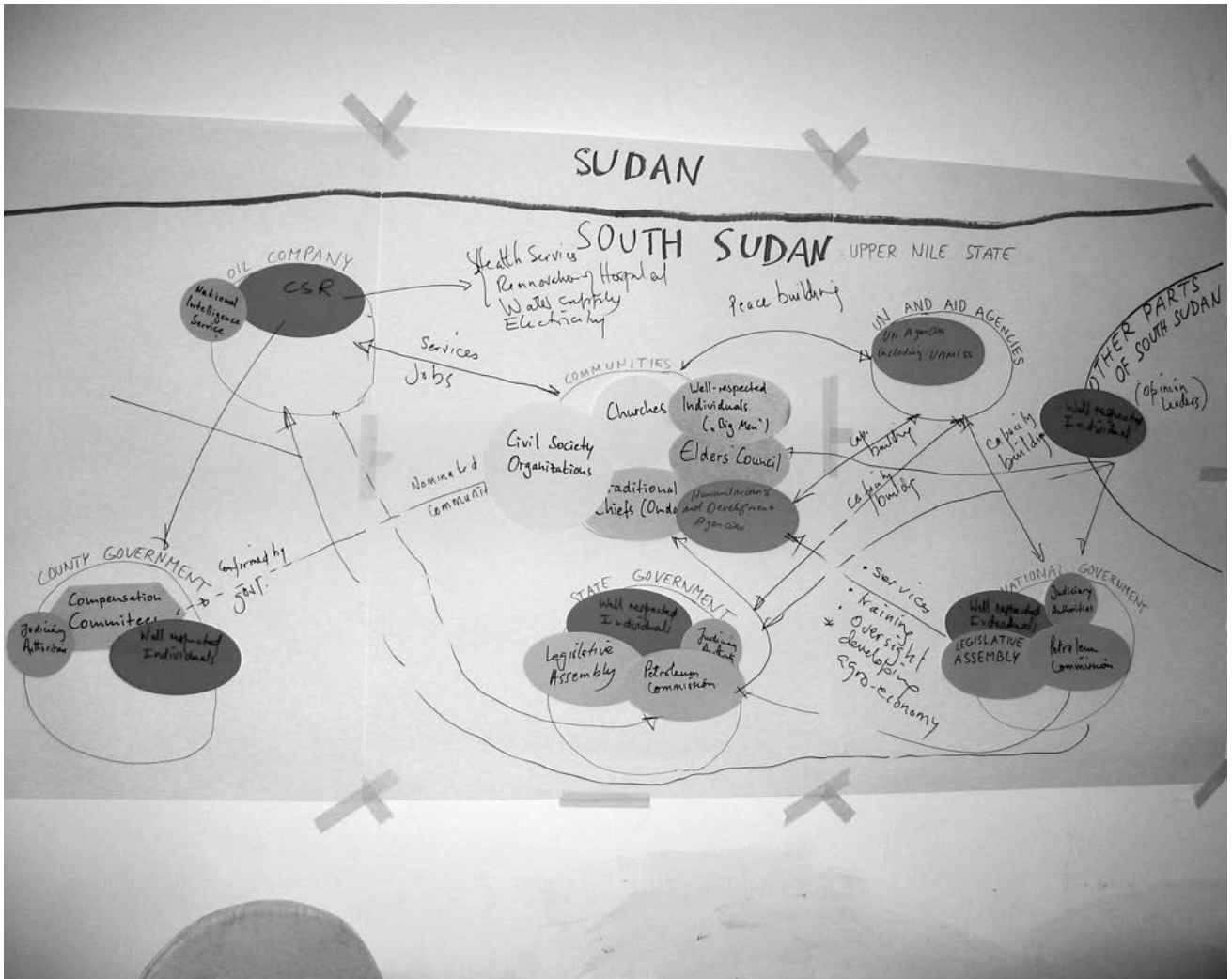
WORKSHOP PROGRAM
“SOCIAL DIMENSIONS OF OIL EXPLOITATION IN SOUTH SUDAN”

DAY II: WEDNESDAY 28 NOVEMBER

Venue: Aron International Hotel

Hall open from 08:30

Time	Topic	By
09:00-09:30	<i>Oil industry Impact on Land Use Patterns in Melut County</i>	Dr. Mekalilie Benjamin Bol, Academics and Researchers Forum for Development (ARFD) <i>Discussant</i>
09:30-10:00	<i>The Socio-Economic Impact of Petroleum Development in Upper Nile</i>	Dr. Elke Grawert, Bonn International Center for Conversion (BICC) <i>Discussant</i>
10:00-11:00	Discussion on both presentations	Moderator : Rev. James K. Ninrew
	Tea Break	
11:30-13:00	<i>Discussion Groups on topics</i>	Moderator : Dr. Elke Grawert
	Lunch Break	
14:30 – 15:30	Discussion Groups Feedback	Moderator : Dr. Elke Grawert
	Tea Break	
16:00 – 16:30	<i>Revenue Allocation to Petroleum Producing States and its Communities</i>	Kathelijne Schenkel, MSc., ECOS <i>Discussant</i>
16:30 – 17:15	Discussion	Moderator : Rev. James K. Ninrew
17:15 – 17:30	Wrap-up	Egbert G.Ch. Wesselink, ECOS
17:30- 18:00	Closing	Official (<i>to be confirmed</i>)



Upper Nile State, wall chart, Workshop Juba 2012

About the authors

Elke Grawert (PhD, Social and Economic Science) has research experience in Africa reaching from livelihood systems, migration and democratization to armed conflict. Elke studied Political Science, German Literature and Communication Science in Munster and Hamburg and taught at the University of Bremen before she came to BICC.

Christine Andrä (MA, Peace and Conflict Studies) was a Research Assistant at BICC and member of its team on Natural Resources and Violent Conflict. Her studies focused on theories of international relations, the causes of civil war, and on conflicts over natural resources. She is now pursuing her PhD.

Photo credits

- p. 11: Interview of inhabitant of Gagbang village/ Elke Grawert, BICC
- p. 15: Participants of stakeholder workshop, November 2012 in Juba/ Elke Grawert, BICC
- p. 16: Workers on oil rig, DPOC Block 7/ Elke Grawert, BICC
- p. 20: Oil plant of DPOC, Melut County/ Christine Andrä, BICC
- p. 29: Market stall/ Christine Andrä, BICC
- p. 32: Abandoned school, Goldora, Melut County/ Christine Andrä, BICC
- p. 37: Workers at the DPOC oil plant, Melut County/ Elke Grawert, BICC
- p. 38: Boy on a donkey cart/ Christine Andrä, BICC
- p. 40: Oil plant of DPOC and bioremediation pond/ Christine Andrä, BICC
- p. 43: Huts in front of DPOC oil plant/ Elke Grawert, BICC
- p. 53: Bioremediation pond/ Christine Andrä, BICC
- title: Participants from oil companies, communities and government in Stakeholder Workshop in Juba, November 2012/ Elke Grawert, BICC
- title: Workers on oil rig, DPOC Block 7/ Elke Grawert, BICC
- title: Bioremediation pond/ Elke Grawert, BICC
- title: Oil rig/ Elke Grawert, BICC
- title: Interview of inhabitant of Gagbang village/ Elke Grawert, BICC



Facilitating peace, security and development through research, advisory services and capacity development

As an independent, non-profit organization, BICC (Internationales Konversionszentrum Bonn – Bonn International Center for Conversion) deals with a wide range of global topics in the field of peace and conflict research.

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- The United Nations—United Nations Institute for Training and Research (UNITAR), the United Nations University (UNU)—and other international organizations such as the EU Commission;
- Federal Ministries such as the German Foreign Office (AA) and the German Federal Ministry for Economic Cooperation and Development (BMZ) and institutions such as the Federal Agency for Civic Education (bpb);
- International and German NGOs such as the Small Arms Survey (SAS), the Church Development Service (EED), MISEREOR, SÜDWIND Institute;
- International and bilateral organizations in the field of development cooperation such as the Gesellschaft für Internationale Zusammenarbeit (GIZ), the KfW Group, EUROPEAID, and the United Nations Development Programme (UNDP).

BICC

BICC makes use of its research work to operate as a think tank, offer (policy) advisory services, and help develop capacity.

BICC collects and publishes information, brings out expert reports and other publications, and thus offers its services to NGOs, governments, private organizations, research institutes and universities as well as to the interested public. BICC is co-editor of the annual "*Friedensgutachten*" (Peace Report) and of a series of international research publications (*Sustainable Peace and Global Security Governance*).

BICC organizes regular exhibitions, conferences, workshops, and discussions with experts. The Center sets out to make more people aware of its central topics through its public relations work.

BICC was founded as a non-profit limited company in 1994 with the support of the Land of NRW. With effect from September 2012, a Managing Director for Research and a Managing Director for Administration will lead BICC. Shareholders are the States of NRW and Brandenburg. The Center's governing bodies are the Supervisory Board, the Board of Trustees and the International Board.

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