



Benchmarks for Oil Exploitation in Sudan during the Interim Period

Six months after the conclusion of Sudan's Comprehensive Peace Agreement by the Government of Sudan and the Sudan People's Liberation Movement, a six-year Interim Period started, opening up many opportunities for the private sector to be a force for good in Sudan. A Peace Agreement will not immediately solve all of Sudan's ills. Non-equitable development, myriad internal strife, corruption, a culture of violence, racism, centre-periphery antagonism, and a legacy of oppressive, arbitrary and unaccountable governance will continue to present stiff challenges to any company that wishes to contribute to peace and equitable development.

The upstream oil business in Sudan, having stirred much animosity by being at the centre of warfare and gross human rights violations for many years, will have to thoroughly rethink the way it operates. To adapt itself to Sudan's new realities, it will have to start acting in accordance with the principles underlying international law, the provisions and purpose of the Peace Agreement, and authoritative voluntary standards for business behaviour. The 14 benchmarks underneath are based on these three sources. They are a sector-specific addition to the ECOS Business Principles for the Interim Period that provides companies with a framework with which they can maximise both their own and society's benefits of Sudan's oil wealth. At the same time, it can serve as a measurement of oil companies' commitment to peaceful and equitable development.

Oil companies have a chance to play a positive role in post-Peace Sudan, provided the following benchmarks are met:

Circumstances and Commitments

- 1.** A comprehensive peace agreement effectively ends all targeting of the civilian population and installations in and around the company's operating environment.
- 2.** A formal and effective agreement is reached with all armed sides and factions in the company's operating environment, how the civilian population and installations in the concession area are to be secured.
- 3.** There is unconditional, safe access and freedom of movement in the entire concession area and the company spares no effort to maintain this situation.
- 4.** Support, within the company's ability, to the peace process and mitigation of any potential for conflict where possible. The company will monitor and document all breaches of the purpose and provisions of the Peace Agreement that occurs within its operating environment, report the findings to the international agency that will monitor compliance with the Peace Agreement, and actively engage with high-level government

officials to end breaches; if this fails to resolve any issue, it will inform international governmental and/or non-governmental human rights bodies.

5. A binding time frame to shape the company's security set-up along the lines of the Voluntary Principles on Security and Human Rights, and seeking of support from its home government in this endeavour.

6. Full disclosure of all the company's provisions in cash or in kind equipment or services for military, security, or dual use purposes.

7. No discrimination on the basis of religion, ethnicity, religion, gender, or political beliefs, and active promotion of a workforce, at all levels, that reflects the make up of the local population in an equitable manner.

8. Establishment of mechanisms for dialogue and partnership-building with all stakeholders on all aspects of the operation that have an impact on the community, resulting in an economic, social and peace action programme for the concession area, that conforms nationally agreed principles and policies and supports the purpose and provisions of the Peace Agreement.

9. Use of all leverage and influence with the Government and at other venues to encourage the adoption of a transparent and comprehensive revenue management regime; and alertness to those circumstances in which revenue allocation is a potential conflict risk, while promoting that agreed rules and transparent procedures for allocation are in place.

10. Insistence on full disclosure of all net payments, including taxes, royalties, fees and other transactions with the Government and/or public sector entities.

11. Insistence on full disclosure of all Product Sharing Agreements and other agreements with state parties; renegotiations of existing Product Sharing Agreements to include social, environmental and human rights standards, and insistence on these standards for newly negotiated PSAs and all other agreements.

12. Support, in words and deeds, for the voluntary return of all refugees and IDPs who so wish, to their places of origin in and around the concession area, in consultation with international and civil society organisations.

13. Companies that have stakes in concession areas that have seen violent displacement post 1997, publicly commit themselves to initiate or support the implementation of a comprehensive and sufficiently funded plan for compensating victims of violent displacement in their concession area, in agreement with local leaders and civil society.

Assessments and Reporting

14. Prior to any investment decision and at regular intervals, the company will assess its impact on and contribution to the communities that surround its operations and the wider society, with regards to development, peace, security, human rights – including social, economic and cultural rights – and the environment, taking into account its impact on the physical and economic security of the population, on local and national strife and rivalries, and on the realisation of the provisions and purpose of the Peace Agreement. The assessment will draw upon external experts and local communities, and involve government, and civil society organisations. It will contain recommendations for action, consultation, and dispute settlement. The company commits itself to share the assessment with its stakeholders, to implement its recommendations, and to evaluate and update it on a regular basis.

15. The company will publicly report, on a yearly basis, its own and/or its consortium's impact on and contribution to development, peace, security, human rights and the environment, covering all the above mentioned benchmarks, including its success in implementing the Voluntary Principles, an evaluation of the economic, social and peace action programme, and the status of the recommendations of the impact assessment.

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