The Oil for Development programme in South Sudan

South Sudan gained its independence as a sovereign state in 2011. As a fragile state with a long history of conflict, South Sudan faces considerable challenges in managing its petroleum resources, which accounts for more than 90% of the total state revenues. Norway has assisted South Sudan as part of the Comprehensive Peace Agreement since 2005.

Background

South Sudan is, together with Timor-Leste, the most petroleum dependent country in the world. Oil production was in the range of 150,000 to 200,000 barrels per day during the second half of 2013. Significant challenges include a general lack of capacity in the government institutions to govern the petroleum sector, as well as a volatile political and security situation.

With support from the OfD Programme, South Sudan has taken important steps to establishing a sound legal framework for the petroleum sector. In 2012, the Norwegian Ministry of Petroleum and Energy and South Sudan's Ministry of Petroleum, Mining and Industry entered into a two-year Institutional Cooperation Contract. The agreement was later extended until June 30, 2015. The support involves a number of resident advisers to MPMI and MoFCIEP in Juba.

Due to a deteriorating security situation in the country, no Norwegian advisers have been present in Juba since the end of 2013. Efforts are made to maintain support from outside South Sudan as long as this situation persists.

Key achievements in the current programme period

Policy makers set goals and define and assign responsibilities

- Petroleum Legislation: A petroleum law and a petroleum revenue management bill have been enacted. The Bills include public reporting, contract allocation and revenue management standards based on international best practice.
- Guidelines on Occupational Health and Safety were completed and published. In cooperation with USAID and Deloitte, OfD advisors provided training on legal drafting.

The authorities regulating the petroleum sector carry out their assigned responsibilities

- The Petroleum Revenue Account: MoFCIEP and the Central Bank of South Sudan have entered into a cooperation agreement that covers the establishment and operational procedures of the Petroleum Revenue Account. All petroleum-related revenues shall be transferred into that account.
- The first Concession Map for South Sudan developed by the Ministry of Petroleum, Mining and Industry has been prepared.
- Fiscal metering capacity development: Significant progress has been made within fiscal metering where a competent and dedicated team from the Ministry of Petroleum and Mining was mobilized. In cooperation with their OfD counterpart, the team developed and implemented a crude oil loading auditing procedure for the Port Sudan marine terminal. This effort is important as it contributes to the accuracy of oil allocation and sales figures.
- Capacity development in HSE audits: Staff members from the HSE unit were trained in an OfD course for HSE audits at Bagamoyo in Tanzania. Instruction was further augmented through tutoring in the application of the newly acquired techniques with direct relevance to the South Sudanese factual and regulatory situation
- Basic petroleum knowledge: A one-week training course on basic petroleum industry knowledge, with special attention to HSE, was conducted in Entebbe. The training increased the participants' technical understanding of the upstream petroleum value chain with a view to enhancing their communication skills with the industry and ultimately to improving, in the longer term, their effectiveness in contributing to regulating the industry.
- Concession Map: The OfD programme assisted the Ministry of Petroleum and Mining in constructing their first map showing the licensed areas in the petroleum industry. Through technical assistance and discussions, the Ministry staff gained competence in the tools to design the map.

Policy makers and regulatory authorities are held accountable for their management of the petroleum sector

- Civil society engagement: Civil society has become increasingly vocal and more visible with regard to the consequences of oil production. National and global actors are getting involved and Norwegian People’s Aid (NPA) is facilitating for better coordination of activities by organizing an Extractive Industries Coordination Forum.
- Tripartite conference: NPA helped organize the first tripartite conference in South Sudan on the importance of oil worker unions. Consensus was established on a recommendation to establish an Oil Workers Union.

Published 02.07.2014
Last updated 18.05.2015

Key facts

Partner country implementing institutions: Ministry of Petroleum, Mining and Industry (MPMI), Ministry of Finance, Commerce and Economic Planning (MoFCIEP), Ministry of Environment (MOE)