



Unexplained \$227 million shifted to Nilepet

JUBA (26 Mar.)

South Sudan shifted \$227 million of oil sales to state-owned Nile Petroleum Corporation, known as Nilepet, over a recent one-year period, according to government documents seen by Radio Tamazuj.



The revelation may buttress reports that funds from Nilepet purchased arms for government-aligned militias, bypassing army procedures. However, Nilepet itself says the funds were used to subsidize fuel prices, not to buy weapons.

Nilepet faced allegations last year that it gave away funds as favors to political associates and relatives of President Salva Kiir and then-Managing Director Joseph Cleto Deng. More recently, two research papers leveled the more serious charge that the state-run com was involved in financing and arming militias.

Both the United Nations Panel of Experts on South Sudan and the Small Arms Survey – a Geneva-based research institution that report heavily on South Sudan – say that the National Security Service approved Nilepet funds to arm militias around the oil fields in Unity and Nile states.

According to reports produced by the South Sudanese Ministry of Petroleum and Mining, and obtained by Radio Tamazuj, the state-own Nilepet was allocated an unusual \$227 million dollars of oil revenue in the fiscal year June 2014- May 2015.

The \$227 million to Nilepet is nine times the \$25 million it received in the year prior, according to the reports, making it unlikely to be accounted for in operational costs.

In the 2013-2014 fiscal year, Nilepet sold one cargo-load of crude oil for \$25 million, which equaled less than 1% of government sales the previous year. But the next year, Nilepet sales rose to \$123 million. In addition, Nilepet received over \$100 million in “reallocated” sales.

The documents say that the government diverted “cargoes valued at higher prices” to capitalize Nilepet. This suggests that, whatever the purpose of these transfers, it was considered of high priority. The \$227 million to Nilepet represents 9% of South Sudan’s total sales revenue for the period of May 2014-5.

Machar Achiek Ader, the head of the national oil company, admitted in an interview this Wednesday that Nilepet’s budget rose precipitously one year to the next. “Yes, that is correct. There is a rise if you have done comparative analysis on the budget of the past years and the subsequent years because needs of different years are never the same,” he said.

The “reallocated” sales to Nile Petroleum arrived in two large transfers: \$63 million in June 2014, and \$42 million in November 2014. The unexplained reallocated sales did not appear as a revenue line in the previous annual report. Over the same period, gross sale revenue was a billion dollars.

Machar says the transfers were used to subsidize fuel prices.

“You know very well that there has been a war in the country, which has affected everything, including business activities,” he explained. “Fuel in the market was not subsidized... but when the crisis erupted, things changed and the government was forced to shoulder everything including subsidizing fuel and other essential commodities. This was how the budget increased.”

Arming militias in Upper Nile, Unity

Two investigative reports, including one produced by the United Nations, tell a different story. They say that Nilepet funded arms purchases of the Dinka Padang tribe, which happens to be the tribe of the current oil minister Stephen Dhieu.

"The arming of those communities largely circumvented the SPLA weapon supply and accounting mechanisms, with the Dinka Padang in particular receiving small arms and ammunition directly through the [National Security Service] Internal Security Bureau, headed by A Koor, with financial authorization for the purchase and transfer provided through the Nile Petroleum Corporation by a Dinka Padang and Minister of Petroleum and Mining, Stephen Dieu Dau," reads the UN report.

The report cites "multiple, independent sources with first-hand knowledge," also pointing out that Akol Koor sits on the board of Nilepet, the only security official on the board.

Small Arms Survey has published similar findings. "By the beginning of 2015, the GRSS found itself increasingly reliant on the Padang militias to secure territory and oil resources in Upper Nile state. This situation was paralleled in Unity state, where Padang Dinka militias the Panaru Dinka took control of the Toma and Toor oil fields; these militias were also funded and armed by the Internal Security Bureau Stephen Dieu Dhau," Small Arms Survey reported.

The Dinka Padang are not "directly answerable to the SPLA military hierarchy" and have been used in a campaign to take control of the Bank of the Nile from the Shilluk tribe, which historically also reside there, the Small Arms Survey report added.

Koor first bypassed the SPLA before the war to purchase Israeli rifles, according to the Panel of Experts report, which "were handed out members of the Mathiang Anyoor [militia] from the presidential palace as they targeted Nuer in Juba in December 2013."

Koor also directed the Israeli ACE rifles to Dinka Padang militias formed in Upper Nile in 2014, Small Arms Survey said. "Since March 2 these militias have burnt Shilluk settlements, killed Shilluk civilians, and attacked the Agwelek forces of Johnson Olonyi," the research is reported.

According to the UN Panel, South Sudan continued to seek arms after the August 2015 peace deal. "As recently as November [2015], it has been in touch with two arms brokers contacted by third parties claiming to act on behalf of the Government and offering to pay for a South Sudanese crude," said the Panel's January report.

Melut official denies Nilepet involvement with militias

Thon Juac, former Melut county commissioner, denied that the oil ministry and its commercial arm, Nilepet, ever supported local militias with weapons to defend the oil fields.

"Our youth acquired weapons through other means. They were never given money from the ministry of petroleum and mining to enable weapons. They acquired weapons during the war as the means of defending themselves and their properties from external forces, including neighbours who are armed and misuse their weapons to raid our villages with the intention to kill and take their belongings," said Thon.

Thon confirmed, however, that the communities in the area receive a share of oil revenues, saying that they have a committee comprising different community members to identify development needs for which to use the funds.

For his part, Paul Adong, former head of Nilepet, also attributed increased Nilepet spending to higher fuel prices, which the company was year called upon to subsidize.

"The fuel we have in the country is imported from other countries like Uganda and Kenya which are also depended on imports from other countries. When the fuel prices increased in their countries, they also increased here and when they increased here it means there must increase in the budget to cover the cost of actual prices at the source and also other costs like transport cost, customs and other charges public doesn't understand this," he explained.

He said any finger-pointing would not help the situation in South Sudan, but people should work together to stop war and bring peace to the country. "I don't think it's helpful to continue blaming the government on challenges we are facing in the country due to war. But it is important for us to come together to support the government because we are all South Sudanese, regardless of what political party you are in."

"This is not the time to be cynical or cast aspersions, but time for everyone to join efforts to ensure that we have a solid and holistic approach addressing this crisis," said the ousted Nilepet manager.

File photo: South Sudan's Minister of Petroleum Stephen Dhieu Dau