

**Minutes from: George Mason University ( GMU) Terrorism, Transnational, Crime and Corruption center ( TRACCC) Anti-Corruption Exchange on Government of Southern Sudan ( GOSS) 19 August 2009**

GMU Host: Dr. Louise Shelley (Founder & Director: Professor, School of Public Policy)

Government of Southern Sudan (GOSS) Anti- Corruption Commission Representatives:

Director General, Corruption Prevention and Education: Mr. Elisama Wani DANIEL

Director General, Administration: Mr. Tereka Sadaraka Logurun LOYOKOI

Director General for Finance: Mr. Enock Marial Manyiel YOL

Dr. Shelley called the room to order at 1:30 pm and provided a welcome to all participants. She provided an overview of the GMU TraCCC program, and introduced the GOSS Anti-Corruption Commission representatives. Each representative introduced himself, providing his perspective on the overall situation of Sudan, the objectives of the GOSS Anti- Corruption Commission, their challenges, concerns, and their request for an immediate redirection and focus of international support.

Dr. Shelley opened the floor for questions. Several discussions followed, details are provided in this write up. The topics addressed are as follows:

1. Post-War mentality
2. Development
3. Petroleum Challenges
4. Emerging Opinions
5. Cultural Challenges
6. Southern Sudan Anti-Corruption Commission and Present Representatives

### Post-War Mentality:

The population of post-conflict Sudan is armed and aggressive after over two decades of civil war. With no income or legal repercussions an “I deserve it; I fought for it” mentality now feeds and justifies wide spread corruption.

- Sudan is a unique nation: It has two governments and two presidents. But it is Sudan’s two civil wars that have rooted inequality and discrimination throughout the nation giving rise to a form of “forced corruption” where no alternative source of income, other than the government money exists.
- Current level of Corruption: Currently corruption is only known to exist at the “ground level” of the population and government (not having expanded to level of technical and global corruption). Small arms weapons, such as AK-47s, are wide spread throughout Sudan, as well as the aggressive tendencies and tactics derived from war allowing corruption to quickly take on a form of violence.
- Corruption driven mentality of the general population: The Sudanese people have been fighting for decades and the majority believes that they ‘earned’ or are ‘deserving’ of financial gain because of their sacrifices and those of their families. Due to massive death tolls, much of the country lives in an ‘extended family’ environment, often living off a single salary (with no assets or investments to fall back on).

### Development:

Extreme dependency on oil prevents the exploration of abundant and available alternate sources of revenue. Sanctions limit investors and make Sudan vulnerable to abuse and exploitation from regional nations. Financial aid struggles against executive corruption and the International community remains fixated on humanitarian concerns only.

- Limited experience, skills, and opportunities: The Sudanese people have extensive experience with war and fighting, but they have no experience in development. Sudanese employment is restricted to 3 sources: rebels, government, and NGOs (NGOs make six time greater salaries than government workers, making NGO employment more appealing than public service).
- Effects of Economic Sanctions and State Sponsor of Terrorism Status: As a result of economic sanctions, Sudan is forced to work with regional investors, opening themselves to exploitation, not only of their resources, but also of their people. Investors do not provide development in the country concerning infrastructure or manpower. An Anti-Corruption Commission representative reemphasized that “the only source of income for the Sudanese people is the government; the private sector is nonexistent.”

### World Bank Discussion:

- Misuse of International Aid: According to the World Bank official website over \$4.5 billion was pledged by international donors back in April 2005. The site claims to support peace through development providing examples of fund distributions, such as \$42million to

- emergency transport and infrastructure needs, \$40 million to replace currencies, etc. The Anti-Corruption Commission representative stated, however, that the majority of the aid goes straight to the GOSS and expended on their number one priority: security and defense, immediately followed by government salaries and NGO partnerships. They estimated that less than 10% of the aid is being used for the rest of Sudan's challenges.
- Misuse of contract funds: the World Bank claims that two Multi-Donor Trust Funds, the MDRF-National (MDTF-N) and the MDTF for Southern Sudan (MDTF-S) was pledged a total of \$626 million. The GONU, the GOSS, and the donors asked the World Bank to administer the MDTFs, given the Bank's control capabilities. The GONU and the GOSS both provide counterpart funding. The GONU matches two dollars for every one MDTF conducted by the Sudanese rather than contracted to UN agencies, private companies and NGOs. The Anti-Corruption Commission stated that the matching funds, instead of being implemented into the projects designed to provide ownership or build capacity within the government structures, were instead being outsourced. The money overhead driven by the project is being used to fund external consultants.
  - Alternative Sources of Revenue: Southern Sudan possesses several alternative sources of revenue. The perception that "oil is the solution" dominates the revenue mentality leaving alternative sources untapped. The Anti-Corruption Commission representatives commented that Southern Sudan is so rich in agriculture that "if you plant a stone it will grow". He further stated that it was his "hope that the demand for oil would drop to zero and force the GOSS to seek revenue elsewhere". Taxation was discussed by the representatives. Currently there is no personal or income taxes with Southern Sudan (local laws are still being developed on this topic). Within little domestic development, Sudan relies heavily on the importation of goods. Imposing custom taxes and duties on imports would result in significant revenue for the central government. Southern Sudan is rich in several resources other than oil, including minerals and agriculture (the primary means of support for the population). Livestock, wildlife, tea and coffee, all offer potential areas of production. An Anti-Corruption Commission representative commented that the Sudanese themselves have forgotten that "Sudan only began exporting [crude] oil in 1999; a government existed once that survived without oil".

- Supplemental Development: The Anti-Corruption Commission representatives expressed great concern regarding the lack of involvement (and even attention) of the International Community concerning development. It was the belief of these representatives that Sudan's Humanitarian Concerns dominated the mentality of the International Community preventing a much needed transition of focus to that of development. Additionally, the Commission representatives' posed a question to the audience: "What has not worked in Southern Sudan? What has caused the International Community to fail?"

### 3. Petroleum Challenges:

Sudan's economy continues to decline. Global demand for oil has slowed and a lack of transparency has allowed oil revenues to go unaccounted for, or misused. The CPA division of oil profits has yet to be implemented as Southern Sudan continues to remain dependent on Northern dominance.

- Oil dependence: The only source of government revenue is oil (and some aid). The effects of the global economic downturn, specifically in the field of petroleum, have been devastating for Sudan. There is no oversight of oil resource revenues, or control over funds, to prevent oil company or business associated corruption.
- Distribution of Oil Profits: The Comprehensive Peace Agreement (CPA) stated that petroleum production would be shared by Northern and Southern Sudan, 50-50 respectively. The decision process and legal definitions were all developed by Khartoum, the GOSS had no input.
- Petroleum Commission Corruption: The CPA designated Petroleum Commission representatives from both the North and the South. But confidentiality agreements were signed preventing any external review thus limiting the commission actions to things such as environmental checks. With the inability to question or dispute pre-2005 contracts, little transparency exists and the GOSS must accept information disseminated from Northern Sudan, feeding the perception that the GOSS is weak.
- Lack of Transparency: The Anti- Corruption Commission members stated that the issue of transparency was of significant concern and that the GOSS needed to increase efforts with Khartoum in order to establish transparency, and seek assistance from the Extractive Industries Transparency Initiatives (SITI) for clarification on modalities of operation and management of Southern Sudan funds.
- Lack of Production Monitoring: The GOSS Anti-Corruption Commission representatives confessed that they do not even have the means to verify the levels of production, how much oil is used for domestic use, how much is exported, to which accounts profits are directed and to where, or to whom, the profits are distributed. According to a World Bank audience member, this was a disturbing revelation since the oil is being acquired by unaffiliated third parties, thus the refinery process should make auditing and monitoring straight forward.

#### 4. Emerging Opinions:

Momentum and hope has slowed since the signing of the CPA, and two major opinions have been developing throughout the Sudanese population concerning the misuse of money.

1. New GOSS Officials with external pressures: Prior to the establishment of the GOSS, leadership was scattered throughout the region in neighboring countries such as Uganda, Kenya, etc. With the signing of the CPA, leadership returned to assume positions of authority within the GOSS, they did not return alone, however. These new government officials brought with them “regional connections”, i.e. friendships and relationships with their own objectives and agendas. As a result of these external influences with power among the GOSS executives with authority, revenue has begun pouring out of Sudan into neighboring states.
2. Mismanagement of contracts: The Anti-Corruption Commission representatives disclosed some findings of a 2007 contract analysis project. This project revealed a significant amount of money was used in a “hosting capacity” both for government officials and their “friends” (non-Sudanese). This money was not reflected in proper government requests. The conclusion of this project confirmed that foreign persons were influencing GOSS officials with whom they had relationships.

#### 5. Cultural Challenges:

Significant challenges remain for the Anti-Corruption Commission primarily “how to establish anti-corruption practices into a society in which there has never existed legal consequences or even a clear definition of corruption.”

- Perception of Corruption and Traditional Justice: Southern Sudanese view corruption as a foreign problem. Culturally providing “gifts” in return for favorable outcomes is common and acceptable. Should an individual be convicted of corruption, however, significant consequences follow. The individual becomes an outcast, their crime becomes wide spread gossip throughout the community, songs of his/her corruption are even sung. He/she may not be able to marry; his/her children may not be able to marry, or they are forced to marry outside the community. An individual convicted of corruption can even be expelled from the community.

#### Southern Sudan Anti- Corruption Commission and Present Representatives:

The Anti-Corruption Commission was established as a result of the 2005 CPA. To this day the Commission struggles with its identity, working to legitimize its functions despite a critical lack of funding and authority. To date, the Anti-Corruption Commission has yet to implement any proposed programs. The US has invited Commission representatives to learn from institutions with similar objectives and study countries with similar post-conflict development and reconstruction challenges.

- **Officials Motivation:** The Southern Sudan Anti-Corruption Commission representatives are motivated by patriotism, a desire to assist their country so that their children and their children's children do not have to endure the violence and destitution that has plagued Sudan for several decades.
- **US Support:** The GOSS Anti-Corruption Commission is seeking from the academic community a "Sudan Way ahead". These three representatives accepted an invitation from the US to visit facilities and organizations that may be able to provide insight or advice on how other nations rebuilt from mass conflict and devastation. They requested information on lessons learned from nations such as Iraq during their post-war reconstruction, and other similar country studies indicating what worked and what didn't.
- **GOSS Anti-Corruption Commission Establishment:** The GOSS Anti-Corruption Commission was established in accordance with the Comprehensive Peace Agreement (CPA) signed back in 2005 by the National Congress Party (NCP) and Sudan People's Liberation Movement (SPLM) ending the second Sudanese Civil War. They believe themselves to be the "eyes of the [Sudanese] people", acting on their behalf to counter corruption and facilitate stability and functionality within the GOSS.
- **GOSS Support and Hindrances:** Although they have the official support of the government they lack legitimacy and authority and consider themselves to be an orphaned department of the government. They believe themselves to be isolated. They are given no funding for the extensive anti-corruption programs they have proposed (the only actions they have conducted are unpaid efforts actions, such as public radio announcements through the donation of free airtime). Anti-corruption education and engagement of the youth such as Integrity clubs, Whistle Blowers, or Agents of Change, have yet to be introduced although they seek to establish them. The Anti-Corruption Commission have assessed and identified several GOSS priority areas for anti-corruption activity but these projects remain unfunded.