

United States Institute of Peace  
Association for Diplomatic Studies and Training  
Sudan Experience Project

**Interview #23 - Executive Summary**

*Interviewed by: Barbara Nielsen*  
*Initial interview date: September 27, 2006*  
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The interviewee was part of a team of resource persons involved in the negotiations of the (oil) wealth-sharing portion of the CPA, during the winter of 2002–03. He contributed a series of presentations, specific to the oil sector, on revenue distribution methods, resource allocation, methods to create transparency and revenue tracking. The presentations were made in plenary sessions for both the SPLA/SPLM and the Khartoum government, as well as in sessions with the parties separately. At the conclusion of his stay, he provided General Sumbeiywo with a series of confidence building measures and outlines of a wealth-sharing accord which could be used as the negotiations went forward. Later in the process, he was asked to evaluate the wealth sharing accords as they were drafted.

The team quickly learned how limited was the capacity of the Southern Sudanese to understand the real limitations of their country's oil potential. In the absence of their own petroleum engineers and contract lawyers, their ability to evaluate this potential was extremely limited; hence, they operated under the misguided notion that Sudan was "another Kuwait" in terms of oil wealth. During the negotiations, the Southern Sudanese also mistrusted the motives of the team, which they assumed were political. Although appropriate technical expertise was offered them, unfortunately, in the view of this interviewee, the government of South Sudan did not see fit to accept these offers.

The interviewee delineates some shortcomings and lack of clarity in the CPA regarding oil wealth. For instance, he believes it is unclear whether the National Petroleum Commission is an advisory or policymaking body, and the fact that it lacks a Secretariat, lacks a technical staff and has only met twice severely hinders its effectiveness. Other significant uncertainties in the wealth sharing accords include a failure to define which oil fields were Southern, and a failure to require transparency in publishing production figures and revenue distribution. While provision for an audit chamber is part of the accords, this chamber has yet to be appointed, so oil production has not yet been audited. The interviewee points out, however, that neither side has great motivation to have a production audit in the current environment, in which oil revenues are at all-time highs.

The interviewee confirms the importance of resolving the Abyei boundary, in the wake of the government's rejection of the Abyei Border Commission report, which found that the major producing field, Heglig, sat squarely in the South. Should this issue not be resolved soon, the interviewee believes that war could once again ensue.

The interviewee points out the important role played by China in developing Sudan's oil sector, and the possibility that China could exert pressure on Khartoum to stop its genocide in

Darfur and to carry out the implementation of the CPA. CPA implementation would also be encouraged if the sanctions regime were partially relaxed, so that the Khartoum government felt it was reaping some reward for CPA implementation.

The interviewee criticizes the U.S. and others for not insisting that the government of Southern Sudan account for the large sums of money donated to them. Although the parties themselves should be blamed for rejecting transparency measures in the CPA, both the U.S. and the donor community deserve criticism for not insisting on transparency before providing assistance. As a result, Sudan is well on its way to suffering the “curse of resources,” in which a government or distribution system is based on high revenues from oil, only to go bankrupt when revenues decline, as they inevitably must.

The interviewee also levels criticism at the US. Congress for inadequately communicating, particularly to the government of Southern Sudan, that the U.S. wants unity of the country, such that if the parties allow the CPA to fail, the U.S. will not support them. In this interviewee’s opinion, a vote for secession will most likely produce two poor countries, instead of one more prosperous country if they remain united. He strongly urges the U.S., perhaps through the recently-appointed special envoy, to bolster its diplomacy by focusing more on CPA implementation, rather than just on relief for Darfur and on providing subsistence to the Southerners. In addition, he advocates greater diplomatic involvement on the part of other international partners -- the British, the Norwegians, and particularly the Chinese -- to help the parties live up to their agreement.

In sum, this interviewee believes the CPA is a remarkable achievement, which ended a long and brutal war. The IGAD process, which included sustained multilateral attention and support, is “a terrific model” which could be used elsewhere. Although the jury is still out on the ultimate success of the various commissions set up by the CPA, the interviewee believes that the idea of a central body with outside experts who are meant to help resolve disputes is a unique model worth trying. Finally, the phased approach of determining Southern sovereignty by a delayed referendum, he feels, is also a wise approach.

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*Q: Please tell us your background in the CPA process.*

A: My association with the Sudan CPA (Comprehensive Peace Agreement) came with an invitation from CSIS (Center for Strategic and International Studies) to join a team that would support General Sumbeiywo and the IGAD (Inter-Governmental Authority on Development) process in developing the wealth sharing accords. CSIS put together five people. We each had a different piece and there was some negotiation about what we would be called; we ended up being called resource persons, not experts, because no one wanted to certify as to our expertise but just contributors, resource persons to the IGAD. We flew to Machakos in August of 2002, and did a number of presentations. Mine was on wealth sharing. The methods of revenue distribution and the presentation itself is still on the CSIS website. It explained that there were different models for how countries decided to allocate these resources, which models were appropriate to Sudan, and ultimately which sorts of measures could be put into place both to create transparency and how to track those revenues. There was also a discussion of distribution of the revenues and how you would deal with problems like dislocation in the producing areas and special considerations that speak to what happens to the economy of a producing area when you produce oil there.

So we did that presentation in plenary for both the SPLA/SPLM (Sudan People's Liberation Army/Sudan People's Liberation Movement) and the Government representatives and then we subsequently met separately with each of them. After some sessions back and forth we then privately provided confidence-building measures and outlines for a wealth sharing accord to General Sumbeiywo for him to use as a resource in the negotiation of the accords.

*Q: From 2002, how long did this process require your involvement, how long were you there?*

A: We were there for a week and in the course of the week we did our presentation, our separate meetings and then our confidence building measures. Then we left. I had a follow up association with the process when they actually drafted the wealth sharing accords. I was asked to provide comments on the accords, what was there and what was missing, so I did that as well.

*Q: When did you do that?*

A: I did that in winter of 2002-2003.

*Q: About two years before the accord was actually signed?*

A: Yes. This is all preparatory to it. We definitely learned a number of things from the presentation and the negotiations. We learned how expert the Government was and how mixed the capacity of the Southern Sudanese was to actually understand the facts presented to them. We encountered a tremendous amount of skepticism from the Southern Sudanese that the resource projections were accurate. Their expectations were that they were going to be another Kuwait. Our projections were that if you develop the southern field, they would have another 20 years worth of producing life from those fields but that essentially 20-30 years from now these fields would have peaked, as would their oil wealth. The implicit message was that this peace dividend, which would come from having enough security to produce the southern fields, would need to be used pretty constructively and quickly because they could not expect to be in the oil business for the next 100 years.

*Q: I am sure this is well known but no one has mentioned it, so it comes as a bit of a surprise that these oil resources are not as plentiful as the Southern Sudanese thought. How was the calculation of the oil wealth done?*

A: The energy ministry did an analysis there and they looked at the existing fields and they looked at what was known about the probable reserves in the areas that had not yet been explored. Then they did a scenario based on the probability at 90, 70 and 50 percent, if their projections were accurate. They posited a \$25 oil price, which seemed generous at the time but over the long term it is well above the median oil price for the last 50 years. Then they projected what the production would be and what the revenue would be. At the time Sudan was producing around the 300,000 barrels per day. Assuming that, as all fields, the existing fields would peak and then decline and then new fields would ramp up, peak and then decline also, they averaged that production of flow over 20, 30 years and they made their projection.

There is margin for error in all these things. For example, if Sudan should choose to produce less than its full capacity, the projection would change, but there was a great deal of skepticism from the Southern Sudanese. However, they did not have the expertise, lawyers, petroleum engineers or anything else with which to evaluate it. Similarly, when we talked about the contracts and whether or not these contracts provided the government with a share, a “government take” in the parlance that was at international standards, PFC Energy (who were members of the resource persons group) posited that in fact they were actually pretty fair as countries with a similar level of geologic and political risk. While the contracts are confidential, they are known to industry experts. The terms are well known. But Southern Sudanese did not have a basis to evaluate this, and when we talked about the investment climate, i.e., what would have to happen in these accords in order to encourage people to invest, we cautioned them that people would need to know what would happen in the event they chose secession. Would the legal regime in the South survive if they held a referendum and decided to become their own country? How would they export it, would they have another pipeline or would they use the existing pipeline system?

In order to attract investment, they would need to resolve some of these issues. Initially they thought our motives were political. They were not; they were practical in nature. And when we met with them separately, we were able to provide some reassurances. But the lessons we drew immediately, and the confidence-building measures we gave to the IGAD indicated that first the Southern Sudanese needed to have their own lawyer, their own petroleum engineer and their own

reserve assessment so they would have people reporting only to them who would be giving this expertise.

*Q: By "their own," that would mean...?*

A: It would mean they were employed by them and people who had a fiduciary responsibility to the Government of -- at that time it was not the Government of Southern Sudan, but the SPLA, the SPLM. So that they would have a realistic sense of the business, a realistic sense of the revenue, a realistic sense of the contracts and then they would be in a position not only to evaluate what they had, but also to participate effectively in a new government when one was formed. Ironically, to this date, they have not taken those measures.

*Q: Is that right?*

A: Even though the assistance has been offered to them by the Norwegian Government, they have not availed themselves of access to the contracts and they have not staffed the technical team which was to make that evaluation. They have gotten general advice from people, but they do not have in their employ this sort of experts.

*Q: How can you explain this? It seems a bad idea not to have the expertise that they need.*

A: There are a number of explanations. One is that they are so overwhelmed with the other responsibilities that they have, and they have not gotten to this. A second is that they are not really interested in promoting investment until they decide on a referendum, because why share 50 percent of the revenues from the Southern fields if you can have 100 percent after secession. A third possibility is that there is internal dissent, disagreement about whether or not outsiders of any stripe are really to be trusted, or whether outsiders provided by governments like the U.S. Government or the Norwegian Government are to be trusted, so, absent consensus on a decision, they are making no decision. Another possible explanation is just shortsightedness.

*Q: So, to this day they do not really have their own experts. Is the National Petroleum Commission the body that is overseeing now the wealth sharing decisions that were made in the CPA?*

A: Only in theory. The National Petroleum Commission has been appointed although it is not functioning as a policy making body yet. It has been staffed but there is disagreement about whether it is advisory or whether it is policymaking. It does not have a secretariat, it does not have a staff and it has only had two meetings. But the expertise would have gone to the Government of Southern Sudan to educate their representatives to that body. This is because the employees of the National Petroleum Commission essentially are working for the Government of National Unity. They are working for the Northerners as well as the Southerners. So if you really want to build confidence in the Southern Sudanese representatives, they really need to have people of their own that they can trust who are expert. That is where U.S. money ought to go, toward building their capacity, because the North already has it. The Minister of Energy already wrote these contracts. Their people are operating the fields; they have this expertise, but if they provide an expert to the Southern Sudanese they are not going to believe them. It would be different if the Government of Southern Sudan or its representatives had their own expert.

*Q: In setting the terms of the wealth sharing portion of the CPA, it sounds as if the parties were made to understand at least quite a bit of what they needed to understand, and then eventually the terms were agreed upon. Is it fair to say that when the accord went into practice the terms were specific? Did everyone know what percent of oil revenues were going to the Southern Sudanese, or was there still some doubt as to even the terms and conditions for the wealth sharing?*

A: There were lots of issues not resolved in the negotiations leading up to the wealth sharing accords that were papered over, so uncertainties remain. It was agreed that 50 percent of the Southern fields would go to the Government of Southern Sudan and the other 50 percent to the Government of National Unity, which would then be subject to the revenue distribution system managed by the FPMC (Fiscal and Financial Monitoring Commission.) But it did not define which fields the Southern fields were; it did not define the border in Abyei, so the key producing fields remain the subject of dispute, and those monies are not being shared 50/50. They are being escrowed, and so that issue in a sense was papered over. As for the issue of the actual function of the National Petroleum Commission -- Was it advisory? Part of the ministry? Policymaking? This was also not really decided. So it is not clear, and that issue remains undecided as well. And then one of the confidence building measures that we had suggested which did not end up in the wealth sharing accords had to deal with transparency. We had recommended that all the production be verified and published, that the monies distributed, both at the national level and at the state level, be held in accounts which would be published, and that external advisors sit on a board that would provide advice on the distribution of those revenues. None of that ended up in the wealth sharing accords. Although the idea of having production audited did end up in there, that audit chamber has not been appointed and the production has not yet been audited.

*Q: In regard to where there was agreement that this audit mechanism was needed to ensure transparency, is it just that people have not got around to implementing that detail, or is there some reason for foot dragging on the part of one or more of the parties?*

A: In terms of the national audit chamber, it has been just the prevalence of other issues, including Darfur, the death of Garang, and reorganizing the Government of Southern Sudan that have occupied the government. There is not much motivation on the part of the Northern representatives in the government, nationally either, to audit production. They think they already know what those numbers are, and they are using those as the basis for making the distribution. And so they will do it, but they are not highly motivated. From the Government of Southern Sudan side, it may be partially not having the capable personnel, but also because they are not really acknowledging the government's definition of who owns those fields, so they have not been particularly motivated to participate in the audit. Of all the issues that have lagged, that is the one most likely to be resolved first. But another factor is that at these oil prices the revenues that are going both to the Government of National Unity and to the Government of Southern Sudan are phenomenal, so money is not really a problem. Almost 800 million dollars went to the Government of Southern Sudan alone for its share of production, even though that did not include production from the major producing field. You add that to \$600 million in donor aid and you have got over a billion dollars going to a government that has no banking system and no capacity to spend the money. So they are not pressed for money. And so it is not urgent.

*Q: I take your point about the government not having the capacity to spend it. On the other hand we can look at Darfur for a moment; there are people in great humanitarian need and we understand that governments are still making financial contributions to help them. So the contradiction seems that all of this money is flowing into Sudanese coffers but not getting to the people in Darfur. Is that the case?*

A: No, we should be clear; I am talking about the Government of Southern Sudan. I think it is a fair statement to say that in the Government of National Unity the opinion of the Southern Sudanese on the Darfur issue is not significant. They are not really impacting it and in the decisions on whether or not to spend on Darfur, the Government of Southern Sudan is not a participant. So you are right, there is money the Government of Southern Sudan may not be getting because they have not verified the production, and this money is in fact sitting in the Government of National Unity's coffers; it is just not being distributed to the Southerners. It is a fair point: should the Sudanese be spending their own money on relief? Absolutely. Should they be ending the conflict that is giving cause to the need for relief? Absolutely. Does this increase the motivation of the Government of Southern Sudan to have an audit? My answer would still be no.

*Q: Let us go back again to the CPA and the provisions there. A year ago, the Southern Sudanese were complaining that the transfer of monies was not taking place. But I gather that that issue has in fact been resolved and the monies now are finding their way to the right coffers, even if it is not the right amount of money. But it is in the coffers.*

*The Abyei Boundary Accords is another major sticking point you alluded to. We know there are oil fields in that region, but what is the current status of the implementation of the Commission's report? The Government was being accused of dragging its feet on that.*

A: The Government rejected the report of the Abyei Border Commission on the basis that the Commission exceeded its mandate in the decision that it reached, but the decision it reached when deciding where the historical boundaries were would have left the major producing field -- Heglig, which produces 30 to 35 percent of the country's production -- squarely in the South. And where that lies right now is the Government has rejected the report. There is only encouragement by both sides to try and reach some sort of a result, but there is not an alternate process engaged. At least most of the experts who were either on that commission, or who follow Sudan, think that if that issue is not resolved relatively soon that is the likeliest cause for resumption of the war before the referendum.

*Q: Do you think that is a fair assessment, that really it is an urgent thing to resolve?*

A: I think it is. It really goes to the core about whether or not the financial benefits of the CPA will reach the Southern Sudanese and whether or not the Government of National Unity -- or really the former Government in the North -- is going to respect the mediation processes of the agreement. If they are not going to respect those processes, then from the Southern point of view there is probably not a whole lot more to negotiate about.

*Q: Based on your experience in dealing with representatives from both sides, how would you evaluate the personalities involved, and the likelihood that they are going to change their mind? Have they rejected the agreement for the reason that you mentioned? What leverage does the*

*South have to persuade them differently, or is it something the international community needs to bring pressure to bear on?*

A: The greatest motivation of the Khartoum Government right now to resolve the dispute is not to have a resumption of the war. I think that is the motivation for the Southerners too. I do not know whether they are ready for it. That is the number one motivation. For the Khartoum Government, having the war restart now and having themselves seen as the bad actor in that process will bring about more pressure and conceivably a war. In such a case it would be much more difficult for them to contest than the one before, because the Southern Sudanese might be supported by more countries.

On the other hand, there will be a lot of pressure from the international community not to restart the war, and for the Southerners not to restart the war, because that would undo all the good that has been done so far. The international community has some leverage on Khartoum, but not much. Darfur demonstrates that Khartoum could care less what most of the international community has to say. Is there leverage that could be brought to bear on them? China could bring some pressure. They own the infrastructure, they own the refinery, they are the key investor in a lot of the production, and their investment would be significantly jeopardized by a resumption of the war because those fields might not produce. That would be a big loss for them. Conceivably the port could be embargoed or blockaded, in which case the oil would not get out. So there are scenarios where it would be bad for China and they could have pressure brought to bear on them. Something like a blockade could probably pressure Khartoum, but it is hard to see how you get it through the Security Council without China's cooperation. So the international community's options are limited. Darfur is the clearest example of that, building the international consensus and putting pressure on it. A little far afield from the CPA, but the same model applies.

*Q: It is unavoidable to look at these things without seeing the present context, including Darfur. People have said that this conflict has distracted the Government in Khartoum from its obligations to carry on with implementation, and to some degree the Southerners as well. How would you describe the relationship between what is going on in Darfur and the impact on CPA?*

A: International attention, the U.S. attention and Khartoum's attention to Darfur all undermine attention to the CPA. It gets forgotten a little bit by the international community, but that was a pretty bad war, too, and a more lethal one. There has not been a lot of attention paid to the North/South issues because Darfur has commanded so much attention. If you look at some of the things like the sanctions regime, you can make a fair argument that some relaxation of the sanctions regime would be appropriate as a benefit of fulfillment of the CPA, and also as a way of helping the Southerners. Right now you cannot have one, if it is one country you cannot have one working for the South and another for the North. In this case both sides are being punished for that, and it may have been an error of the U.S. to maintain all the punishments despite the progress, because there is no political reward for the North/South accords that supporters of the Khartoum Government could or can see.

*Q: How would you pitch that to the U.S. Congress? Is there a sentiment that we need to be practical and provide some reward for the Khartoum Government if they do implement the accord as they have promised to do?*



A: There might be. It is hard in the heat of what is going on right now, but if you were not talking about a total lift in sanctions, but if you were talking about sort of targeted relief, you could make the case.

*Q: Which I gather the Administration is not doing at this point?*

A: That is right.

*Q: Back when you were brought in to lend your expertise, the President was saying this is a case in which we are interested in building democracy in Sudan. The idea was as simple as that. Did you have the sense when you were working with the Sudanese and with the IGAD process that that was one of the objectives shared by all the parties?*

A: I think so. It was not the central focus of what we were doing, but it was the subtext for all these conversations was that there was going to be a Government of National Unity, that there would be elected representatives from different levels, and they would participate in decision making. In that sense the whole thing was talking about a democratic structure. We did not get into the power sharing accords but there was an assumption that there was going to be a federal system, that there were going to be states on both sides, and that they would have some decision making authority also. So democracy was part of it.

The advice that we gave -- all of the transparency measures and governance measures that we recommended for the sector, for the National Petroleum Commission and for the state government itself -- all assumed some level of transparency to empower the citizens of the country to have enough information about what people were doing with the money to hold them accountable. So all of that was an underlying factor.

In terms of the external community's use of leverage, in the end we did not insist on any level of revenue transparency for the oil wealth from the federal level or the state level. This was a huge mistake. Also, the fact that we did not insist on any transparency for the Government of Southern Sudan was a huge mistake, though maybe one that can still be repaired, because they are on course to be a classic "resource curse" state. You have a government with very limited capacity with a huge amount of money, with very little ability to spend it, with a coalition where people are competing for rents with no accountability whatsoever for where that money is or where it goes. So the pressures on Salva Kiir from Garang's wife, from his deputies, from others to get their piece of the pie have to be tremendous. If he had to publicly account for all of these revenues then he would at least have some form of defense saying: "How will we explain where these monies have gone?" But the fact that the U.S. gives over a billion dollars a year in assistance to what is primarily Southern Sudan for relief, for repatriation, that we did this with no conditions or without frankly any concerted effort to try and achieve results, that is a huge mistake because we have not exercised our responsibility to protect the Southern Sudanese from the temptations they are certain to face, and we have learned time and again when you do not have those protections bad things happen.

*Q: Who is accountable for that mistake? Our Congress?*

A: First, the parties. Because essentially they rejected those transparency measures themselves so that is the fault of both negotiating parties to the CPA; it is the fault of the Southern Sudanese

for not volunteering it. It is the fault, to some extent, secondarily, of the contact group, for not urging that upon them. And it is the fault of the donor community for not insisting on that as a contingent for aid. Last of all it was the fault of the U.S. for not insisting on that as a condition for its own assistance. Only in recent weeks have we stopped giving cash to the Government of Southern Sudan because they cannot account for how it disappears. It was a hard environment, they did not have a banking system, but this wheel has been invented before. There are still ways to hold governments accountable for what they spend. I cannot give you a rational explanation for why we did not do that.

*Q: With some of what happened in Iraq, given the press of time, or with Hurricane Katrina, you had to do it quickly and therefore accountability was forgotten.*

A: We keep doing it over and over again. You figure we would learn something one of these times.

*Q: Earlier you mentioned a state “under the curse of resources,” which is an interesting phrase. Could you explain that?*

A: Yes, it is not my phrase; it is Terry Lynn Karl’s, the “resource curse.” But yes, every country that has relied on a dominant resource to produce the wealth of its economy, whether it is diamonds or oil or gas or some sort of minerals, has suffered this so-called “curse of oil” or “paradox of plenty,” which is that the non-resource sector atrophies; there is competition for rents, with government segregated from accountability to its people. Only two countries in the history of the world have not fallen afoul of this curse. These are Norway, which had a developed industrial economy before it discovered oil, and Botswana, which managed to have some reforming elite and to survive diamond wealth, but they had a little bit of a democratic base beforehand. Everybody else has basically screwed it up.

*Q: And the wealth that Sudan has appears to be only oil.*

A: Primarily.

*Q: If the price of oil diminishes and goes back to these historic levels that you cited, then they would quickly lose the curse of resources, is that right?*

A: No, then they would suffer the curse of resources, which is the volatility of those prices and building a government or a distribution system based on high revenues. Then it would be bankrupted when there are low revenues. So you do not lose the curse when you suffer the curse, because then you have a system you can no longer afford. Then you have lost the sector, which could provide balance and you just end up poor. In 1998, with ten dollar oil, we saw governments change in Venezuela, in Russia; we saw some of them for good and some of them for ill because they were not prepared for that kind of a price crash.

*Q: When you look at the leadership in Sudan, albeit thin in expertise, were they oriented on the right track? You allowed as to how they did have an image of a democratic Sudan. But what characteristics did they exhibit in terms of their vision for the future? Were they oriented toward a unified Sudan?*

A: I was only in close quarters with the Southern Sudanese leadership for a week, so I am really not in a position to make sweeping judgments, and I only know the current leadership by newspaper reports and by their behavior. It is important to understand that they were a political movement and an army, and they have only for a very short while attempted to be a government. So they are diverse, they have different opinions, they have vastly different motivations, beliefs and levels of competency, so it is hard to judge them as a whole, and they lost their head when Garang died because he had most of the leadership. I believe from his actions that Garang believed in a democratic government because he believed really in having a single country in which he would have a powerful share. He wanted to make those Government of National Unity institutions work because he thought that was the greater good, and perhaps for himself, his path to future and sustained leadership.

Of the leadership that remains, I understand that no one who works in Southern Sudan has ever met a Southerner who says now that they would vote for unity. So they are deeply skeptical, and with reason, that the Northerners will accept them as real participants, that it is in their interests to be one country, and that they will ever get a fair share. Lots of what has transpired gives them good reason for skepticism. There are people in the current leadership -- Salva Kiir may be a believer; Pagan may be a skeptic; Mrs. Garang may be a believer; others have their own interests. Their trust needs to be won and the Government of National Unity has not won it yet. Congress, in particular, and the Executive Branch to some extent, has done a poor job of communicating to the Government of Southern Sudan that we want unity and "We are only going to support you if you support unity. If you torch this deal and go off on your own, do not look to us for help."

*Q: We have paid lip service to the idea of unity as our preferred outcome. Does that still make sense from your vantage point, that we should support the idea of one Sudan?*

A: I think so. At least for the term of this agreement, we should. You could have one prosperous country if it had adequate institutions, as opposed to two relatively poor countries if they vote for secession. So it needs to be tried. It is not inconceivable that these countries could coexist if the South elected to secede. Like any other neighbors, they could agree on transportation across the border and refineries someplace; the Southerners could supply the Northern market with fuel or with agriculture, and the Northerners would have to do something else, earn money from transit fees from the pipeline and value added from the refinery. There is a scenario where they could live peacefully apart. But the more prosperous scenario for all of them is to find a way to live together. Since we negotiated, helped facilitate this deal and believed in it, we ought to work hard to make it work so at least when there is referendum it is on a fair basis.

*Q: Now are we working hard enough? Are we providing a fair amount of money? Is there more we could be doing at this point?*

A: The focus has not really been on the institutions, it has been on Darfur, and on providing subsistence to the Southerners and repatriation from the war. We are suffering the dissolution of IGAD and the absence of General Sumbeiywo, where you had one person at the center, full-time, paying attention to bringing the parties together. Now they are left on their own. There is a monitoring group, but it is not the same. The lack of sustained diplomatic attention has left a vacuum filled only by chaos. There is a need for resumption of the diplomacy. The President

took a useful step in appointing a special envoy for Sudan, Natsios, who hopefully will be full-time. I do not know whether he is, and I don't know whether his background, his assistance background, whether he is the right profile for the job either, but certainly a full-time person who is focused on that is needed. Also, the attention needs to be on implementation of the agreement and not just on relief. There is a big vacuum now.

*Q: Was it always intended that the African leaders, the IGAD group, would fade out of the picture once the accord was signed, sealed and delivered, and they did not have a role in implementation?*

A: The wish of the parties was to have two governments who made an agreement to become one government, and to make that government work. The one thing governments generally agree on is their own sovereignty and not wanting somebody else to tell them what to do, and you cannot force it on them. So I think it was their desire. Now if you ask them, "do you want the IGAD to come back?" the Northerners and Khartoum would probably say, "No thank you, we will make this government work." I do not know what the Southerners would say.

*Q: The mechanism for monitoring the implementation was the Assessments and Evaluation Commission? They exist but how are they functioning from your vantage point?*

A: Only modestly so far.

*Q: Is that a failure of people to be appointed or the right people to be appointed?*

A: It was slow to get off the ground and it is inherently weak because the parties made it that way.

*Q: Again that is a shortcoming of the CPA?*

A: You can call it a shortcoming; it was sort of inevitable. I do not know that any two parties, having reached a resolution, have ever elected to retain a third outside party to tell them how to do things, because it diminishes their own sovereignty. Nor can you force it on them. But yes, a more active, more prominent assessment commission would be more effective, but who knows? Maybe it would make recommendations that assistance would be withheld. That would probably be a sure way to cut off cooperation from both governments in a hurry. But it could have had certain powers. The problem the country is suffering right now, or the problem the parties are having right now, is that it does not have an institutional fix; it is a diplomatic fix. What matters is the sustained attention of the parties that continue to have influence. It does not necessarily have to be in the agreement or in the form of a commission. It really is a matter of diplomatic attention and priority. There are any number of countries where we do this on an ad hoc basis, in a contact group. So I would not fault the mechanism as much as I would fault the attention of the U.S. Government or the British Government or the Norwegian Government in following through on this. And that is an error that is repairable now because they can resume that attention. The other piece of this that was always missing, and continues to be missing, is the engagement of China in this process. The U.S. has engaged China on sanctions but not on peace.

*Q: So you are saying that we should approach China not only on sanctions but also on peace?*

A: On the CPA, and, more specifically, its implementations.

*Q: How do you think the Chinese would react?*

A: You never know until you talk to them, but they have the greatest economic stake in the success of the CPA of any country other than the Sudanese themselves. The resumption of war could destroy their investment. Now, if you talk to the Chinese they might say, "We have a desire to make both parties happy, but we do not actually think the CPA is the way to go. We think secession would be fine; we will cut our deal with the Southerners and with the Northerners; that is how we will build a bridge." That might work; I do not know.

*Q: Time will tell. Now, if the referendum is in 2011 and the elections are scheduled for 2009 do you see the elections as an important milestone leading up to the referendum? What do you predict will be the outcome of either of those?*

A: It is a long way off. Right now if you held the referendum today, the Southerners would vote almost unanimously for secession. In terms of the elections, it remains to be seen what kind of campaign each government will spend money on waging, as well as the candidates themselves. You could expect the Khartoum Government to find ways to break off pieces of the Southern Sudanese coalition by exploiting divisions within the Government of Southern Sudan and non-SPLA, non-SPLM parties that did not benefit adequately. So you may ironically have Khartoum pushing hard for free, fair monitored elections and the obstruction or complications may come from the South.

*Q: With only three years between now and 2009, it would seem they would have to start this process of registration soon.*

A: Next year.

*Q: In looking at the CPA, you have highlighted a number of shortcomings and some problem areas that maybe were even anticipated. In what way is the CPA a good model for future international agreements? Can we draw some positive lessons as well as some of the negative ones?*

A: In hindsight you can find flaws with most agreements. It was a remarkable accomplishment and it ended a bloody and brutal war. So it is a remarkable accomplishment. The IGAD process, a full-time facilitator providing resources was a terrific, terrific model. Long-term, isolated plenary and parallel negotiations really provided the difference between episodic progress and sustained progress on these accords, and facilitated the confidence among the parties that was needed to reach agreement. That was a remarkable aspect of it. That sustained multilateral attention and support for those negotiations was a real mode for how things are done. We have done parallel negotiations in, for example, the Dayton Accords, and in other places, but that was basically a one-time sit down, "We are going to bomb you unless you come to some sort of agreement." Under pressure the process is of unique. But Sudan conflict is a much more common example of the kinds of conflicts you face. So the IGAD example is more replicable than the Dayton example. Also, the creation of the institutions in the CPA, if they are allowed to function, such as the FPMC, the Fiscal and Financial Monitoring Commission, which has

external people on it, monitoring wealth distribution and a revenue distribution system, are all important for any kind of fractured society.

The FFMC, the central budgeting and monitoring body, is also not functioning now very well, but the idea that you would have a central body with outside experts on it who would look at the government budget and how it gets distributed, is a good model. Other institutions, such as the National Petroleum Commission, or the Land Commission -- the idea that you would have two parties who each have representation on these policymaking bodies who are then meant to resolve these things -- is a good model for creating a fresh institution where you have an existing government to try and address policy. The jury is still out on whether it can work, but it is a unique model. The idea that you had essentially a testing period, that it is not an either/or decision -- either you have a national government or you do not -- is good. The referendum idea was meant to give an incentive to the Khartoum Government to make this appealing to the Southerners. They have not taken that up yet, but it is hard to imagine a better incentive structure than the one that was built into the CPA.

*Q: Although, if you talk to the Khartoum officials, maybe they would say, "We are really going to be glad to get rid of those Southerners."*

A: There are some who probably feel that way, but they waged a war for a long time to make sure that it did not happen, and most of the wealth is in the South. So it is hard to see. If that were a strategy they would have reached agreement quicker. They just would have negotiated the terms of secession. But nobody who had any power in the Khartoum Government wanted to do that.

*Q: So that is not really such a viable approach.*

A: Not the desired one, on their part. The one thing that was not a surprise hard to overcome, is the very limited capacity of the Southerners to participate effectively in the Government of National Unity. You cannot get around the fact that it takes time to build capacity. You cannot hurry that clock and you cannot make them take help that is offered to them for free if they do not want to take it. But what remains at the core of the problem across almost all of the institutions is there are only a handful of people who can participate and make decisions.

*Q: And the Sudanese Diaspora for example, some of those folks have come back well trained and would provide capacity but there is still a shortfall. Is that the idea?*

A: Significant shortfall. You have to have effective decision making at the core. With Garang's death you lost that. Sudan is not the only country where you have government unable to make a decision. The Kuwaiti Government has not been able to make a decision on foreign investment in its energy sector for almost 14 years. They have a proposal to do it, but governments come and go, and they are still debating it. That is democracy in action in Kuwait. They just cannot reach a consensus. But as a result, decisions do not get made. With a lot of Middle Eastern countries, a lot of weak states, everyone is afraid to make the wrong decision, so they do not make any decision at all. So they are not unique, but it is a huge complicating factor.

*Q: Going back to the commissions, it seems a delicate balance one is trying to achieve with foreigners in positions on the commissions, and yet not running them. The structure is elegant in its design but in its implementation requires a delicate balance.*

A: That is right. But other countries have made this work; Botswana is one example. You bring in outsiders, you hire them, and if you do not like their advice or their loyalty, you fire them. You have them staff the decisions that you need to make and present you with options, then someone who is in a responsible position makes the decision. So you do not have to subcontract your authority, you just subcontract the expertise until you build it up internally. So the model exists but the Southerners have to decide to take it.

*Q: Would you care to make any final recommendations for our lessons learned?*

A: The lesson learned is that multilateral support works, sustained diplomacy works, creating a neutral mediating platform for parties that want to enforce it works, volunteering support for capacity works when people will take it. But the other lesson learned is that you cannot move faster than the political will of the parties will take you. One lesson for the U.S. Congress, not so much for the Administration -- because they have been more balanced -- is not to be uncritical in your support of your ally, in this case the clearly most aggrieved, unequivocally most aggrieved party. Uncritical support does not actually help them achieve their ends. We are learning that lesson right now as a government, but a little late in the process.