SUDAN’S NATURAL RESOURCES: IMPACT ON THE CONFLICT & PEACE TALKS

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Executive Summary

This memorandum examines how natural resources have contributed to the current conflict in Sudan. It also provides considerations and options for Sudanese civilians engaging in a peace or political process to curb the military exploitation of natural resources and manage natural resources to reduce conflict in the future.

Natural resources, primarily oil and gold, have impacted the current conflict in critical ways. Not only do they fund the warring parties, but they also create tensions that motivate the conflict and threaten to destabilize Sudan in the future. Climate change is also a destabilizing factor linked to the role of natural resources in Sudan’s conflict.

Despite the importance of natural resources, most key documents from Sudan’s recent peace and political processes prior to the current war only touch on natural resources at a high level, giving just a basic indication of the priorities of the various parties who drafted or signed these documents. Overall, these documents do not provide for a comprehensive natural resource management regime.

The task before Sudanese civilians engaging in peace and political negotiations will be highly challenging. Options for civilian negotiators to consider include: (1) pursuing international action to stop participation by foreign actors in the exploitation of Sudan’s natural resources; (2) engaging and managing the roles of these foreign actors in negotiations to leverage their influence over – and interest in – natural resources, towards positive negotiation results; (3) reforming Sudan’s security sector; (4) creating an overall resource management system for Sudan; and (5) using resource sharing to mitigate future conflict.
# Sudan's Natural Resources

## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Purpose</td>
<td>1</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Role of Natural Resources in the Sudanese Conflict</td>
<td>2</td>
</tr>
<tr>
<td>Oil</td>
<td>2</td>
</tr>
<tr>
<td>Gold</td>
<td>5</td>
</tr>
<tr>
<td>Land</td>
<td>9</td>
</tr>
<tr>
<td>Natural Resources in Recent Sudanese Negotiations</td>
<td>11</td>
</tr>
<tr>
<td>2020 Juba Peace Agreement</td>
<td>11</td>
</tr>
<tr>
<td>2022 Draft Interim Constitution</td>
<td>12</td>
</tr>
<tr>
<td>2023 Draft Political Agreement</td>
<td>13</td>
</tr>
<tr>
<td>2023 Revolutionary Charter</td>
<td>14</td>
</tr>
<tr>
<td>Natural Resources in Future Peace Negotiations in Sudan</td>
<td>14</td>
</tr>
<tr>
<td>International Action to Curb Exploitation of Natural Resources</td>
<td>15</td>
</tr>
<tr>
<td>Engagement with International Actors who Aided Exploitation of Natural Resources</td>
<td>17</td>
</tr>
<tr>
<td>Implementation of Security Sector Reforms</td>
<td>18</td>
</tr>
<tr>
<td>Creation of a Natural Resources Management System</td>
<td>19</td>
</tr>
<tr>
<td>Restricting Concessions</td>
<td>19</td>
</tr>
<tr>
<td>Creating Interdependencies</td>
<td>19</td>
</tr>
<tr>
<td>Minimizing revenue loss to smuggling</td>
<td>20</td>
</tr>
<tr>
<td>Managing burdens of natural resource extraction</td>
<td>21</td>
</tr>
<tr>
<td>Sharing Natural Resources with Marginalized and War-Affected Populations</td>
<td>22</td>
</tr>
<tr>
<td>Key Takeaways</td>
<td>23</td>
</tr>
</tbody>
</table>
SUDAN’S NATURAL RESOURCES: IMPACT ON THE CONFLICT & PEACE TALKS

Statement of Purpose

This memorandum examines how natural resources have contributed to the current conflict in Sudan. It also provides considerations and options for Sudanese civilians engaging in a peace or political process to curb the military exploitation of natural resources and manage natural resources to reduce conflict in the future.

Introduction

Since April 15, 2023, Sudan has plunged into a new wave of conflict, following the eruption of violence between the Sudan Armed Forces (“SAF”, headed by General Abdel Fattah al-Burhan) and the Rapid Support Forces (“RSF”, headed by Mohamed “Hemedti” Hamdan Dagalo.¹ Natural resources and the financial resources that they provide have played a crucial role in consolidating the actors’ spheres of influence, and will remain a critical point in the conflict. This memorandum first addresses the role of natural resources in the conflict, providing a general background on oil, gold, and land in Sudan and their role in the current conflict.

Second, this memorandum reviews the provisions related to natural resources in key final and draft documents that were reference points during recent peace and political processes that preceded the current conflict in Sudan. This memorandum reviews: (1) the 2020 Juba Peace Agreement; (2) the 2022 Draft Interim Constitution produced under the auspices of the Sudanese Bar Association; (3) the Political Framework Agreement, signed on December 5, 2022, between the 2021 military coup’s de facto authorities and certain civilian actors — principally the Forces of Freedom and Change (Central Council); (4) the 2023 Draft Political Agreement (not signed), produced by a drafting committee consisting of representatives of the civilian signatories to the 2022 Political Framework

Agreement, which did not include resistance committees, and representatives of the military establishment comprising SAF and RSF; and (5) the 2023 Revolutionary Charter released by Sudan’s resistance committees. These key documents were not widely inclusive of the full range of Sudanese civilian actors including civil society, and a new peace or political process may start with new draft documents. However, past negotiations on natural resources issues can be informative by helping to enable civilian negotiators to develop new and more inclusive consensus positions on natural resources.

Third, this memorandum explores options for negotiators when considering the key issues relating to natural resources in Sudan and areas that merit further discussion and exploration. Last, this memorandum provides key takeaways for civil negotiators to consider when creating their consensus negotiation positions.

Role of Natural Resources in the Sudanese Conflict

Sudan’s resources span from mineral deposits such as copper, iron, and chromium, to timber and arable land in the southern regions. However, with respect to the current conflict in Sudan, Sudan’s most notable resources are oil, gold, and land.

Oil

Historically, oil has been Sudan’s fourth biggest export, and a major source of the country’s domestic power production. In 1997, Sudan developed a national consortium to oversee its oil production and allocation of blocks, with Sudapet as its own national oil company, and later created a Ministry of Petroleum to manage the oil sections. The China National Petroleum Corporation, the Malaysian state oil company Petronas, and the India Oil and Natural Gas Corporation held the majority of shares in the consortium, with China at the lead. Management of oil was therefore controlled at the national level, with the wealth it generated buoying the popularity of al-Bashir. Following the end of al-Bashir’s

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regime, control over oil has continued to be exercised at the national level and is, indirectly, controlled by the SAF through its control over the national government.

Sudan’s oil fields lie at the border with South Sudan. When South Sudan seceded in 2011, it retained approximately 75% of the projected oil sources in the region, in particular the higher-value Nile blend. This was a “devastating blow” to Sudan, who lost an approximate US $1.7 billion a year from 2011-2015. However, the refineries, storage facilities and oil pipelines remained in Sudan, creating a co-dependent relationship between the two countries. The pipelines flow from the oil fields to Port Sudan, where the two main blends, Dar Blend and Nile Blend, are exported mainly to China and Japan respectively.

The decline in revenue from oil production, combined with inadequate international financial support to Sudan's pre-coup civilian-led transitional government, contributed to the struggles of the government. At the same time, Generals al-Burhan and Hemedti reportedly received their own financial support from regional powers including Saudi Arabia, the United Arab Emirates, and Egypt. The Generals used those funds to dominate the Sudanese fuel markets. This situation increased the independence of the Generals from the civilian government and bolstered their abilities to wage war, leading petroleum to become a conflict-driver. Regional states developed privileged relationships with the

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9 Eric Schewe, In Sudan’s Civil Conflict, the Arab Cold War Widens available, JSTOR DAILY (May 22, 2023), available at https://daily.jstor.org/in-sudans-civil-conflict-the-arab-cold-war-widens/.
12 WION, Sudan Crisis: Egyptian military is backing Sudanese army, says report, YOUTUBE (April 21, 2023), available at https://www.youtube.com/watch?v=ehbRdnmQO.
13 Eric Schewe, In Sudan’s Civil Conflict, the Arab Cold War Widens available, JSTOR DAILY (May 22, 2023), available at https://daily.jstor.org/in-sudans-civil-conflict-the-arab-cold-war-widens/.
Generals, which “undermined” the “diplomatic goals of supporting the transition to civilian government.”

Since the conflict broke out, the two main warring parties have vied for control over petroleum assets to fund their war efforts. Sudan has faced increasing tensions on the control of its domestic oil reserves and infrastructure, as well as imports from South Sudan. Control over the fields, pipelines, refineries, and port is at stake. As of May 2023, al-Burhan’s forces occupy the eastern side of the country, including Port Sudan, and profit from continuing oil shipments as well as from the associated fees collected from South Sudan. The latter amounts to US $25 per barrel, or approximately US $127 million per month. This is a significant source of revenue for the country, and the SAF in particular is well-positioned to access this revenue to continue to fund its war efforts.

However, in June 2023, Hemedit’s forces attacked El Obeid in North Kordofan, which houses portions of the oil pipeline and the country’s main topping plant. The RSF also seized the oil refinery near Khartoum, one of two currently active in the country and currently responsible for supplying “70 percent and 20 percent of the country’s fuel and electricity, respectively.” In mid-June 2023, sources reported that the “RSF [had] issued a three-week ultimatum to the South Sudanese government to stop providing funds to the SAF or face a complete shutdown of its oil production” and was pushing to receive a share of the rental and transit fees. While the results of the ultimatum have not been officially discussed by South Sudan’s government, the Minister of Petroleum announced that as of June 16, 2023, “it will import essential oil supplies through Djibouti and

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14 Eric Schewe, In Sudan’s Civil Conflict, the Arab Cold War Widens available, JSTOR DAILY (May 22, 2023), available at https://daily.jstor.org/in-sudans-civil-conflict-the-arab-cold-war-widens/.
16 Juba urges Sudanese rival leaders to safeguard uninterrupted oil flow, Sudan Tribune (June 22, 2023), available at https://sudantribune.com/article274609/.
18 Robert Tollast, Sudan paramilitary claims to have seized major oil refinery on first day of truce, The NATIONAL NEWS (Apr. 26, 2023), available at https://www.thenationalnews.com/mena/2023/04/26/sudan-paramilitary-claims-to-have-seized-major-oil-refinery-on-first-day-of-ceasefire/.
20 South Sudan silent on RSF’s 3-day ultimatum to shut down oil pipeline, Sudan Tribune (June 19, 2023), available at https://sudantribune.com/article274555/.
Kenyan ports instead of using Port Sudan due to ongoing conflict”, and that production will generally continue.\(^{21}\)

The country’s domestic energy needs, including the operation of critical infrastructure, also remain at risk.\(^{22}\) Key infrastructure, such as hospitals, are struggling from insufficient power, and Khartoum has had multiple, day-long power outages.\(^{23}\) Being able to supply the country’s domestic energy needs could be a powerful legitimizing force for either Hemedti or al-Burhan.

Moreover, the war could affect regional access to oil supplies. This could, in turn, affect the positions of regional actors involved in mediation efforts to end the war, as well as future engagements that regional actors may have with the warring parties and an eventual new civilian-led government.

**Gold**

Gold has been mined in Sudan on a small scale for many decades,\(^ {24}\) but only in recent years has the Sudanese government actively undertaken its commercialization. Sudan is currently the tenth largest producer globally, with even greater predicted untapped stores.\(^ {25}\) Al-Burhan has held a dominant position in the recent pre-coup civilian, post-coup military, as well as wartime, Sudanese governments; moreover, a significant portion of Sudan’s budget has been siphoned off to support the SAF. This has enabled al-Burhan and the SAF to benefit from government activity to commercialize gold.

The lack of infrastructure and government oversight has led to unsafe industry practices and significant gold smuggling, including by the Wagner group and Hemedti’s own company, Al Junaid (also spelled Algunade, or Al Gunade).\(^ {26}\)

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\(^{21}\) *South Sudan shifts oil supply routes to Djibouti and Mombasa ports*, Sudan Tribune (June 16, 2023), available at https://sudantribune.com/article274486/.

\(^{22}\) Al Jazeera English, *Are Ethnicity & Natural Resources factors in Sudan’s Conflict?*, YouTube (Apr. 28, 2023), available at https://www.youtube.com/watch?v=GFux9aulfJA.


The former civilian-led transitional government undertook multiple actions to try to reduce smuggling, including liberalizing the trade in gold, although this appears to have had limited success. As a result, Hemedti and the RSF have dominated exports of gold from Sudan.

Gold mining in Sudan is primarily “artisanal” gold mining. By some estimates, before the current conflict, it employed 2 million Sudanese people and produced around 80% of Sudan’s gold. Despite the artisanal nature of such mining, numerous mining regions are in areas under the control of the armed forces which allows the armed forces to control its extraction. Further, the most profitable part of the gold mining process is tailings processing, which requires industrial extraction and allows for the concentration of control. Such artisanal mining frequently takes place as a result of concessions officially granted to companies or officially closed mines. While the use of mercury and cyanide is formally banned, its use is still widespread. Reports of adverse health impacts due to the use of such chemicals are common, as are reports of mine collapses.

Corrupt and illicit mining of gold has presented a great challenge to Sudan, and has been one of the dominant sources of funding of Hemedti’s paramilitary operations. During the government-sponsored Janjaweed incursions in Darfur, Hemedti and his troops captured several gold mines and took over their management, fundamentally altering the nature of the conflict. In 2017, Hemedti

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35 Khalid Abdelaziz, Michael Georgy, Maha El Dahan, Exclusive: Sudan militia leader grew rich by selling gold, Reuters (Nov. 26, 2019), available at
overtook one of the biggest mines in Jebel Amer, and, with al-Bashir’s blessing, exported the gold through Hemedti’s family company Al Junaid. Hemedti was known for “circumventing capital controls, and even [selling the gold] to the Sudanese central bank for a preferential rate.”

Not only did the takeover lead to violence, death, and displacement of current inhabitants, it has continued to cause human rights abuses, including forced labor and poisoning from mercury and cyanide. Although the United States has sanctioned gold from the region, Hemedti has amassed a vast fortune by trading directly with the United Arab Emirates, as well as by working with the Russian paramilitary organization the Wagner Group through its affiliate Meroe Gold. The Wagner Group has denied involvement, but watchdog NGOs have confirmed that it has contributed to arming the RSF and is suspected of doing so in exchange for continued access to gold mines.

Despite the conflict, mining continues. The continued mining of gold remains of critical importance to Hemedti due to the mercenary nature of his operation. While the RSF leadership is populated mainly by members of the

41 Philip Obai Jr., As Sudan’s latest conflict intensifies, artisanal gold miners are caught in the crosshairs, EQUAL TIMES (May 24, 2023), available at https://www.equaltimes.org/as-sudan-s-latest-conflict.
same tribe as Hemedti’s – the Mahariya branch of the Rizeigat – the subordinates are predominantly a combination of salaried fighters from the periphery, many of whom have fought in Yemen, Chad and Libya. Fighters are well compensated – for example, one RSF member stated that he was “paid $20,000 to fight in Yemen for six months” when “[m]any of his countrymen live on less than $10 a month.” The substantial pay Hemedti can offer to his fighters incentivises their loyalty; the continuous flow of funding will therefore be crucial for the RSF to continue fighting.

Al-Burhan and the SAF are less directly dependent on gold for financing. The SAF is invested across a number of private entities, including an 86.9% stake in Sudan’s largest bank, providing an independent source of funding. Nevertheless, the SAF reportedly operates some mines within their military bases. Additionally, as the SAF is funded directly by the government of Sudan, which is in turn partially funded by gold revenues, gold also indirectly finances the SAF. For this reason, the SAF has previously supported regulation of the gold sector to deprive the RSF of income.

As the de facto leader of Sudan, al-Burhan has an overall responsibility for Sudan’s gold. Prior to the conflict, the U.S. reportedly encouraged Egypt to lobby al-Burhan to stop working with the Wagner Group. The effect of this is unclear.

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46 Ernst Jan Hogendoorn, *To stop the fighting in Sudan, take away the generals’ money*; (May 1, 2023), available at https://www.atlanticcouncil.org/blogs/africaource/to-stop-the-fighting-in-sudan-take-away-the-generals-money/.
Although Sudan arrested several Russian miners on suspicion of gold smuggling, Sudan also released from custody a flight suspected of smuggling gold to Russia, following action by a Sudanese general and citing orders from al-Burhan. This suggests Russia holds influence over al-Burhan, and demonstrates the importance of gold to this relationship.

Further, not only is gold a source of profit, it can also serve as a currency. Control over gold allows parties the ability to “establish their own state-like financial institutions” and could be used to stabilize the economy. Therefore, control over gold is not only economically supporting the conflict, but it could also serve as a legitimizing force for Hemediti or al-Burhan domestically by allowing them to exercise state-like functions, such as influencing monetary policy.

Land

Outside the Khartoum area, a significant portion of the fighting is currently taking place in areas with agricultural and pastoral potential, including Darfur and South Kordofan. According to USAID, the conflict has “severely disrupted Sudan’s planting season” by forcing farmers to flee their land, and those that remain struggle with a lack of loans from the country’s collapsed banking system, as well as fuel shortages due to disruptions in the country’s domestic oil production, which have been impacting their daily operations. Sudan is expected to experience a critical food shortage that could continue into 2024, with potentially 20% of the country’s population facing acute food insecurity. Additionally, the SAF, through its investments in Zadna International Company for Investment Ltd., is invested in the agricultural business, and so may have a vested interest in decreasing any impact on agriculture.

50 Gabriel Steinhauser, Stakes in Sudan’s War Include Russian Gold, Nile Dam, Key Shipping Lane, WALL STREET JOURNAL (April 21, 2023), available at https://www.wsj.com/articles/stakes-in-sudans-war-include-russian-gold-nile-dam-key-shipping-lane-e49c0b8.
Differences over land uses – for instance for pastoral versus agricultural purposes – were a key driver of prior conflict in peripheral areas of Sudan, especially the Darfur region. Similarly, if the current conflict continues to intensify in areas with agricultural and pastoral potential, with farmers increasingly fleeing their land, competition or conflict over use of these lands may intensify. Climate change will only further intensify conflict over land use. Rainfall has become more erratic, leading to desertification and decline in the agricultural potential of land.\textsuperscript{55} This causes increased demand over the remaining arable land, creating potential future conflict. It may also increase demand for alternative livelihoods, including natural resource extraction, which may also create further destabilization and conflict. Any such conflict only further undermines communities’ abilities to cope with future climate change.\textsuperscript{56}

Relatedly, water is a major natural resource tension in the region and may be influencing other countries’ response to the conflict. Several neighboring countries rely on the Nile River as a source of freshwater and hydraulic energy. Egypt, in particular, has a vested interest in seeing an end to Sudan’s conflict. In addition to receiving a large proportion of Sudan’s refugees over the last few months,\textsuperscript{57} Egypt depends on the Nile waters flowing northwards through Sudan and towards the Mediterranean. Egypt has “deep links with the Sudanese military,”\textsuperscript{58} and has been backing al-Burhan with hopes that influencing him in future governance would benefit them.\textsuperscript{59}

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\textsuperscript{57} Al Jazeera English, Are Ethnicity & Natural Resources factors in Sudan’s Conflict?, YOUTUBE (Apr. 28, 2023), available at https://www.youtube.com/watch?v=Gfux9auLflA.
\textsuperscript{59} Al Jazeera English, Are Ethnicity & Natural Resources factors in Sudan’s Conflict?, YOUTUBE (Apr. 28, 2023), available at https://www.youtube.com/watch?v=Gfux9auLflA.
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Natural Resources in Recent Sudanese Negotiations

2020 Juba Peace Agreement

With respect to natural resources, the 2020 Juba Peace Agreement (“JPA”) is the most comprehensive of the negotiation documents from Sudan’s recent peace and political processes that preceded the war. The JPA broadly states that natural resources are for the benefit of all of Sudan.\(^6^0\) Natural resources are intended to be used for the development and reconstruction of the country, with an emphasis on marginalized and war-affected regions.\(^6^1\)

The JPA also provides that the federal government and the regions/states will have joint control over natural resources.\(^6^2\) Functionally, however, the powers of the regions/states are more limited. As it relates to existing contracts, the regions/states only have the power to review such contracts and, if they find them not fair or equitable, to “make adjustments.”\(^6^3\) The format or mechanism of such adjustments is not addressed in the JPA. Regions/states are able to participate in negotiations and approve new contracts within their borders, but it seems they are unable to enter contracts on their own or explicitly veto unfavorable agreements.\(^6^4\) The regions where such discussions regarding natural resources are made explicit are Darfur,\(^6^5\) the Blue Nile,\(^6^6\) and Eastern Sudan.\(^6^7\) Additionally, herders and nomads are promised the right to use natural resources.\(^6^8\)

The JPA is explicit about the distribution of proceeds of natural resources. The JPA tailors the level of revenue sharing to specific regions, rather than having an overall revenue sharing regime. The Darfur region is entitled to 40% of the revenue from mineral and petroleum resources located in Darfur for a period of ten years.\(^6^9\) Further, Darfur is expected to allocate 3% of the revenue from natural resources for local populations in areas from which resources are extracted.\(^7^0\)

\(^6^0\) 2020 Juba Peace Agreement (Title 2. Chapter 2 (General Principles (2))); 2020 Juba Peace Agreement (Title 2. Chapter 2 (22.1.)).
\(^6^1\) 2020 Juba Peace Agreement (Title 2. Chapter 2 (General Principles (10))).
\(^6^3\) 2020 Juba Peace Agreement (Title 2. Chapter 2 (24)).
\(^6^4\) 2020 Juba Peace Agreement (Title 2. Chapter 2 (24)), 2020 Juba Peace Agreement (Title 2. Chapter 2 (24)).
\(^6^5\) 2020 Juba Peace Agreement (Title 2. Chapter 2 (24))
\(^6^6\) 2020 Juba Peace Agreement (Title 3. Chapter 2 (50)).
\(^6^7\) 2020 Juba Peace Agreement (Title 4. Chapter 2 (50-58)).
\(^6^8\) 2020 Juba Peace Agreement (Title 2. Chapter 6 (3)).
\(^6^9\) 2020 Juba Peace Agreement (Title 2. Chapter 2 (25.1)).
\(^7^0\) 2020 Juba Peace Agreement (Title 2. Chapter 2 (25.2)).
Similarly, the JPA allocates 30% of the net revenue from mineral and oil resources extracted from Eastern Sudan to the region for seven years. While the JPA states that a percentage of revenue from natural resources present in Blue Nile will be allocated for the development of the region, specifically mentioning chrome, gold and asbestos, it does not provide a specific percentage.

The JPA also addresses broader environmental aspects relating to natural resources. It recognizes that addressing the socioeconomic impacts of environmental degradation is key to establishing peace and maintaining the country’s natural resources. Gold, oil, natural gas, and other fossil fuels are explicitly mentioned in the context of environmental conservation. There is brief mention of the need to introduce alternative sources of energy insofar as it relates to concerns surrounding the electric grid. The JPA also focuses on the importance of access to water and the need to harvest water through various projects.

2022 Draft Interim Constitution

The 2022 Draft Interim Constitution, drafted under the auspices of the Sudanese Bar Association, only addresses natural resources at a high level. Natural resources, while not mentioned often, are prominent abstract considerations. The very first line of the preamble mentions that the Sudanese people are sovereign over their “land, destiny and resources.” The 2022 Draft Interim Constitution provides for the entities to be formed during the transitional period to be responsible for “preserving and exploiting the country’s resources for the benefit of the Sudanese people.” Unlike the JPA, there is no mention of the management of specific natural resources or the distribution of associated revenues. However, the 2022 Draft Interim Constitution does mention the importance of protecting environmental rights.

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71 2020 Juba Peace Agreement (Title 4 Chapter 2 (58)).
73 2020 Juba Peace Agreement (Title 1. (14.2.1)).
75 2020 Juba Peace Agreement (Title 4. Chapter 2 (54)).
76 2020 Juba Peace Agreement (Title 2. Chapter 7 (1)); 2020 Juba Peace Agreement (Title 4. Chapter 2 (55)).
77 2022 Draft Interim Constitution (Preamble).
78 2022 Draft Interim Constitution (Chapter II (7.3)).
79 2022 Draft Interim Constitution (Preamble).
2022 Political Framework Agreement

The 2022 Political Framework Agreement includes a general principle for the equitable distribution of wealth and resources.\(^8^0\) It also prohibits Sudan’s armed forces from engaging in investment and business activities, with exceptions for military manufacturing and missions in accordance with polices of the transitional government.\(^8^1\) However, the 2022 Political Framework Agreement does not otherwise address natural resources.

2023 Draft Political Agreement

The 2023 Draft Political Agreement is more active in its discussion of natural resources, particularly compared to the 2022 Draft Interim Constitution and Political Framework Agreement. It explicitly recognizes natural resources as one of the root causes of conflict in the area and a topic that must be addressed.\(^8^2\)

Unlike the JPA, and like the 2022 Draft Interim Constitution and Political Framework Agreement, the 2023 Draft Political Agreement does not discuss management of natural resources. Instead, it offers general guidance on the distribution of proceeds from resources. The agreement calls for the equitable distribution of natural resources,\(^8^3\) and mentions natural resources as an issue to be addressed in Eastern Sudan.\(^8^4\) However, the notion of an equitable distribution is undefined. The 2023 Draft Political Agreement is explicit about the different natural resources that provide economic value to Eastern Sudan, mentioning “gold and gypsum marble, chrome, copper, natural gas, [and] petroleum.”\(^8^5\)

There is also brief mention of environmental and human rights concerns, particularly concerning water.\(^8^6\) Focus is also given to environmental and human rights resulting from oil extraction and mining, and the 2023 Draft Political

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\(^8^0\) 2022 Political Framework Agreement (First: General Principles (3)).
\(^8^1\) 2022 Political Framework Agreement (Fourth: Regular Bodies - Armed Forces (5)).
\(^8^2\) 2023 Draft Political Agreement (Protocol No. (2) (Fourth: Issues Affecting Peace (1))).
\(^8^3\) 2023 Draft Political Agreement (Protocol No. (2) (Eight: The Issue of Nomads, Pastoralists, and Farmers in the Peace Agreement (8))).
\(^8^4\) 2023 Draft Political Agreement (Protocol No. (3) (Eight: Environmental Issues and the Displaced (1))).
\(^8^5\) 2023 Draft Political Agreement (Protocol No. (3) (Fourth: Economic Issues and Sustainable Development (1))).
Agreement promises protection from human rights violations resulting from such natural resource extraction. The 2023 Draft Political Agreement also mentions that the state should aim to rehabilitate the oil industry in Eastern Sudan.

2023 Revolutionary Charter

While the 2023 Revolutionary Charter was not considered part of the 2022-2023 political process, it is crucial to consider the positions of resistance committees in an inclusive peace and political process going forward. The Revolutionary Charter does not prescribe an in-depth management regime for natural resources; however, it shows a concern with natural resources and recognizes their contribution to conflict in Sudan. For example, the Charter recognizes that “elites” have controlled natural resources and “ignite[d] full-fledged internal conflicts.” Further, the Charter specifically identifies the Sudanese military as becoming involved in illicit gold exports and the need for whole-scale reform of the armed forces. In general, the Charter addresses these concerns by increasing the national government’s control over natural resources. The Charter resolves to prohibit artisanal mining and to treat all mineral and oil resources as “national resources,” prohibit any investment in energy and mining that is not subject to the supervision of the Ministry of Finance, and review all contracts for oil extraction, export, and transportation within 3 months.

Natural Resources in Future Peace Negotiations in Sudan

As exhibited by the examination of negotiation documents from recent peace and political processes prior to the outbreak of the current conflict, not only were those negotiations not broadly inclusive of Sudanese civilians, they did not comprehensively deal with the management of natural resources in Sudan. Moreover, considering the new conflict, the context for future negotiations will have fundamentally changed. Therefore, Sudanese civilians and regional and international stakeholders working for a peaceful, democratic transition must reach new solutions both to curb military exploitation of natural resources to fund war and to address the management and sharing of natural resources by a new civilian-led post-conflict government.

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87 2023 Draft Political Agreement (Protocol No. (1) (Declaration of Principles of Transitional Justice (16)).
88 2023 Draft Political Agreement (Protocol No. (3) (Fourth: Economic Issues and Sustainable Development (4))).
89 Revolutionary Charter (Chapter One; Subsection Two; Paragraph (d))
90 Revolutionary Charter (Chapter One; Subsection Two; Paragraph (e))
91 Revolutionary Charter (Appendix Two; Revolutionary Resolutions; Point 65)
92 Revolutionary Charter (Appendix Two; Revolutionary Resolutions; Point 70)
93 Revolutionary Charter (Appendix Two; Revolutionary Resolutions; Point 67)
Key considerations in a peace or political process include discerning between negotiation positions and related options that could be more accessible early in the process, and those which may be more realistic in the medium- to long-term. Some potential issues and options for consideration concern immediate or long-term measures to stop exploitation of natural resources by militaries and their leaders to fund conflict (or for other personal or military use). These include:

- International action to stop such military exploitation;
- Engagement with international actors who aided such exploitation;
- Restriction of natural resource-related concessions; and
- Implementation of security sector reforms.

As for the last two options, major restrictions on concessions and deep security sector reforms may be less practical early-on in a peace process, but nonetheless it is crucial to start planning for them as soon as possible.

Other potential issues and options focus on fundamental, long-term changes to governance with respect to the management and sharing of natural resources. These include:

- Improvement of efficiency in natural resource extraction, by minimizing revenue loss to smuggling and managing burdens of natural resource extraction; and
- Sharing of natural resources with marginalized and war-affected populations.

These considerations and options for civilian negotiators are not intended as exhaustive, but rather as some options among others for the awareness of civilians as they deliberate and develop consensus positions on natural resources encompassing different civilian interests. The options that civilians choose to adopt must be context-specific to Sudan. The options covered below may change over time, and new options may arise as the context of the conflict and peace negotiations in Sudan develops.

*International Action to Curb Exploitation of Natural Resources*

A key issue for civilian negotiators and supportive international stakeholders to consider is the role of natural resources in funding the parties to the conflict. It is unlikely that control by al-Burhan and Hemedti over certain natural resources
will be adequately addressed in, or at the time of, an early ceasefire, but civilian actors may identify international remedies to that control as important factors to plan for and implement as soon as possible. Hemetti has a great deal of personal wealth tied up in natural resources and has been funneling this into contracting arms. While al-Burhan’s personal wealth may not be as directly tied to natural resources, overall funding of the SAF is connected to natural resources through their control of the government of Sudan. Further, the potential for future exploitation of natural resources may motivate al-Burhan. Ways to weaken, and ideally remove, the sources of such funding as soon as possible are crucial for civilian negotiators to consider.

Concerned international stakeholders may act to stop the use of natural resources to fund military and conflict-related activities through collective action. Ideally, this collective action will be taken as early as possible, and will involve coordinated efforts by individual states or regions. In order to stem the flow of natural resources that perpetuates this conflict, major state consumers of these natural resources, such as the United States, the European Union, or the United Kingdom, may take directed action through the use of import restrictions on the raw materials or export controls on goods, equipment, or technology required for the extraction, cultivation and sale of these resources. Such import and export controls may have the effect of preventing offending actors from making use of the Sudan’s natural resources for the purpose of funding the conflict.

Such government actors may also work to implement targeted sanctions against the individuals, institutions, or entities that perpetuate conflict in Sudan. As an example, the United States sanctions regulations, administered by the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”), may prohibit certain transactions with respect to specifically designated countries and their governments. Under these prohibitions, U.S. persons (including individuals and entities) may be prohibited from engaging in activities with these countries and their governments, as well as with entities or individuals listed on OFAC’s Specially Designated Nationals list. Without a general license or a specific license from OFAC, transactions by the U.S. persons with countries, government, entities, or individuals targeted by U.S. sanctions may be strictly prohibited. Concerned international stakeholders may lobby to have individuals, institutions, or entities that perpetuate conflict in Sudan placed on the Specially Designated Nationals list, or other sanctions lists maintained by other state actors, in order to deprive actors fueling the conflict of access to international markets.
One advantage of such collective, multilateral and targeted, international action is that it can occur independently of the status of ceasefire and other peace negotiations; unwillingness of military and other stakeholders to come to the table would not necessarily prevent this action. Moreover, the United Nations sanctions regime with respect to Sudan has a history of using benchmarks tied to expectations of adherence to certain peace agreements in order to use sanctions as an incentive to encourage warring parties to abide by their commitments made at the negotiating table.

The sheer scale of the humanitarian disaster caused by the current conflict calls for drastically increased, concerted action among international stakeholders to impose significant punitive measures, to freeze the ability of Generals Buhan and Hemedti to access the international financial and commercial systems to fund their war chests through exploitation of natural resources.

**Engagement with Affiliated International Actors**

Certain regional and international actors have taken part in the exploitation of natural resources by al-Burhan and Hemedti. Such actors may therefore have privileged relationships which they could, theoretically, leverage by engaging with al-Burhan and Hemedti during a peace or political process to advance the positions of Sudanese civilians. For example, the United Arab Emirates is the primary importer of Sudanese gold and so may be able to exert influence over negotiations given the importance of the United Arab Emirates market. Alternatively, regional and international actors could use the promise of investment in natural resource extraction to obtain concessions in favor of a civilian-led transition.

However, certain regional and international actors may be against such a transition and, moreover, could have vested interests in the military continuing to exploit natural resources. For example, Russia is suspected of having an interest in military rule in Sudan and supporting both SAF and RSF. Civilian negotiation strategies may have to focus on managing the roles of these actors in a peace or political process, to limit their potential to act as “spoilers” preventing a civilian-led democratic transition.

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94 Samuel Ramani, *As fighting in Sudan rages, Russia’s primary goal is to ensure authoritarian rule*, MIDDLE EAST INSTITUTE (May 3, 2023), available at https://www.mei.edu/publications/fighting-sudan-rages-russias-primary-goal-ensure-authoritarian-rule.
Implementation of Security Sector Reforms

Another key consideration for negotiators is removing the future ability of any military parties to exploit natural resources to the extent Hemedti and al-Burhan have. Even prior to the 2021 military coup, al-Burhan, Hemedti, and their respective forces were exploiting natural resources and increasing their wealth independently from the civilian government. This was a primary conflict driver in Sudan and calls for revision of the military’s role in natural resources and implementation of robust civilian oversight of the military as part of security sector reforms.

Where (as in Sudan) military power is divided between separate governmental or quasi-governmental military groups, competition over natural resources between separate groups may cause further division and destabilization. Creating a single, national army subject to robust civilian oversight will help end the development of military rivalries and related incentives to compete over natural resources. The key to averting future conflicts will be to end the ability of the military to take part in and use politics to protect their exploitation of natural resources. Future conflict is likely if the military can continue to exploit natural resources for their sole benefit and without independent civilian oversight.

Control over mining and processing operations not only allows parties to independently generate large amounts of wealth, but it also grants them enormous political power. This can be as simple as using natural resources as a form of political patronage, or it could instead be using natural resources to exercise governmental functions. Control over oil potentially allows political control over the electricity production and supply in the country. Similarly, control over gold could allow the creation of alternative currencies and an overall influence on Sudan’s monetary policy. Reforming the relationship between the security sector and natural resources would help break down the military’s political power.

While the exact structure of security sector reform is beyond the scope of this paper, certain general principles may be considered by the negotiators. The first principle is regulating military involvement in other sectors, particularly the economy. While the JPA provides for the separation of military and commercial activities, this does not seem to have been effective. Potential solutions include more robust enforcement mechanisms and supplying the necessary resources to police this separation, particularly given the complex corporate structures.
involved. The second principle is expressly submitting the military to civilian oversight. While the JPA provides for this, creating a broader framework for civilian oversight of the military and curtailing its actions may reduce the military’s control over natural resources. For example, the legislature could be required to approve the military budget. The third principle is de-politicizing and professionalizing the military. This could consist of expressly excluding military members from serving in certain political positions, including as the head of state.

Creation of a Natural Resources Management Regime

A key way to systematically disincentivize future conflict is to build a comprehensive natural resource management regime.

Restricting concessions

Within a natural resources management regime, a method to stop the use of natural resources to fund conflict could be to create a time limit to any concessions through which the militaries may be running and set up a review of their ownership at a future date. If this review is set sufficiently in the future, then existing concession-owners (including Hemedti) may be more likely to accept it. Structuring concessions in this way creates stability and allows time for Sudan to build institutional competence and natural resource management expertise when the time comes for transferring the concession. Demonstrating the success and stability of long term, but time-limited, concessions, rather than immediately terminating existing concessions, may encourage future outside investment in natural resource extraction. Moreover, creating a mechanism to enforce the transfer of concessions may reduce the risk of their becoming entrenched.

Creating interdependencies

One option to discourage future conflict is to build interdependencies among regions, or individuals, which are seen as particularly likely to create conflict. This was already happening, though at the international level, in the case of oil production. Sudan has been supplying most of the processing capacity and transportation for oil produced in both Sudan and South Sudan. Even despite the stresses caused by Sudan’s civil conflict, the current oil production system has continued to function, and hostilities have not resumed between Sudan and South

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Sudan. The robustness of this system presents a potential example of creating structural interdependence to discourage future conflict.

Given the key role of gold in Sudan’s current and future economy, it is important to consider whether a similar system could function with regards to gold production. Sudan had previously created a centralized gold refining plant in Khartoum, with the expressed rationale for this to be to provide a more purified product to discourage smuggling and encourage the use of the refining plant.\textsuperscript{96} Resuming the use of such a plant, and encouraging its use for mines across Sudan, may be one method of creating such interdependence. This would have the added benefit of producing gold of a higher quality, thus increasing the revenue Sudan can generate from its natural resources.

Another option is to geographically separate gold processing facilities from the proximity of the mines. Although this would increase transportation costs, the current system of geographically integrated mining and processing facilities allows individual mine owners to generate wealth without oversight by the Sudanese government. Potential locations for such facilities could be optimized to minimize transportation costs, increase political buy-in among the negotiation parties and address the effects of the conflict and climate change on marginalized populations.

Minimizing revenue loss to smuggling

Another key concern for negotiators is creating a system which more efficiently manages the natural resources of Sudan. Chronic smuggling has deprived Sudan of vast sums of revenue. Some estimates go as high as US $13.4 billion worth of gold being smuggled out of Sudan annually,\textsuperscript{97} depriving the Sudanese government of potentially hundreds of millions of dollars that could be used to rebuild Sudan. Such concerns are particularly acute for Sudan, given the lack of alternative sources of revenue generation. Additionally, smuggling deprives the Sudanese government of information as to the location, amount, and quality of their natural resources. This lack of information prevents effective management and exploitation of Sudan’s natural resources.

One method to discourage smuggling may be to devolve a greater amount of responsibility for managing natural resources to local governments. For example,

the local government could have the primary responsibility for taxing natural resource extraction and then remit a certain amount to the national government. This may incentivize local governments to generate as much revenue as possible and so minimize smuggling. However, this requires sufficient ability in the local government to build the necessary support to institute such a system.

An alternative method to discourage smuggling may be to move away from the current system of “artisanal” gold mining. The millions of individual artisanal miners means that regulation is hugely difficult, particularly for a post-conflict government. Moving away from a system of artisanal gold mining would make it easier for Sudan to regulate and monetize its resources. Additionally, the environmental and health costs of artisanal mining are important to consider. It is difficult to quantify the long-term costs, both to the environment and to the health of Sudanese citizens. However, given the scale of artisanal mining, any transition must be gradual and be accompanied by alternative means of employment; otherwise, artisanal gold mining and smuggling will be likely to continue.

Managing burdens of natural resource extraction

Another important issue is managing the costs associated with natural resource extraction. While the economic benefits of natural resources may be received by the entirety of Sudan, the costs, both environmental and health, are borne at a local level. For example, gold mining involves the use of toxic chemicals which can affect water and agricultural resources in the area. At a more general level, the extraction and use of oil may also contribute to climate change which can degrade agricultural resources and further destabilize Sudan. Such effects may in turn increase reliance on alternative livelihoods, including gold mining, and creating a self-perpetuating cycle. While the JPA recognizes the contribution of environmental degradation to conflict and references the environmental costs associated with natural resource extraction, it does not create specific guidance on how to manage these costs. If the costs of natural resource extraction are not adequately compensated at a local level, this may create future conflict.

One approach for managing the burdens of natural resource extraction is giving greater powers to local governments who are better placed to assess the benefits and burdens of natural resource extraction. This is likely to be a sensitive issue in a negotiation and there is no one-size-fits-all solution for this problem. Further, the powers given to one local government may not be appropriate for other local governments without the same institutional capacity or expertise. The powers
could range from simple consultation rights to fully granting concession power to local governments. Input from local leaders will be important to shaping an adequate power-sharing system. One option could be to devolve increasing power to local governments over time. National governments tend to wish to keep a greater amount of control over their natural resources when they are weak, such as post-conflict. Building a mechanism to delegate a greater degree of power gradually over time may be one method to ease a national government’s concerns.

A key concern for negotiators may be ensuring that local governments also realize economic benefits from the natural resources. While the local government may benefit from the jobs and increased economic activity associated with natural resource extraction, this may not be adequate to compensate them for the long-term costs. An alternative may be to allow the local government to keep a percentage of the associated revenue or building infrastructure in the region. Another important issue is providing local governments with long-term support which continues after any resource has been fully exploited. This includes consideration of costs associated with environmental cleanup and the sharing of these costs between the national and local government.

**Sharing Natural Resources with Marginalized and War-Affected Populations**

Since well before the current conflict, the central government’s marginalization of populations from peripheral areas of Sudan (including Darfur, the Blue Nile, and South Kordofan, among others) has been a long-standing root cause of conflict. However, as demonstrated by the non-implementation of the JPA, these root causes have never been resolved. Civilians from both central (Khartoum area) and peripheral areas of Sudan are all victims of the current conflict. However, certain effects of the current conflict, such as internal displacement from land with agricultural and pastoral potential, may continue to disproportionately affect people from peripheral areas and reinforce the prior existing marginalization of these populations.

If, post-conflict, the power and wealth from natural resources stay overwhelmingly in the hands of the military, the destabilizing influence on a civilian-led government will stem first from the resources flowing to the military instead of other needs of a civilian government. However, the continuation of disproportionately low natural resource-sharing with civilians from areas that have been historically marginalized from politics will also be destabilizing. For the reallocation of all natural resources from military to civilian hands to contribute to an effective and enduring political solution, that reallocation must correct historical
imbalances against marginalized populations. Such reallocation could also consider the current and future expected impacts of climate change – which generally disproportionately affects marginalized populations – and aim to increase climate resiliency in conflict-affected areas.

The JPA recognizes resource sharing with marginalized regions, but it only has specific resource sharing structures for Darfur and Eastern Sudan and does not have an overarching resource sharing regime. While certain parts of the JPA could potentially become subject to revisions in a future peace process, the JPA’s general principle of correcting past and continued marginalization in respect of natural resource-sharing will remain important. Nonetheless, in the aftermath of the current conflict, resource-sharing must also be widely inclusive of civilians in all war-affected zones throughout Sudan, be they in the center or the periphery.

Key Takeaways

This memorandum suggests the following key takeaways for civilian negotiators, to address natural resources in Sudan’s eventual peace and political negotiations:

- Consider engaging the international community, both as a means of stopping the exploitation of natural resources by SAF and RSF and actively managing potential foreign spoilers who participate in that exploitation;

- One of the primary causes of the current conflict is the ability of the military to exploit natural resources and increase their wealth independently of a civilian government. Revising the military’s role in this aspect of the economy, and more generally developing robust civilian oversight of the military, are important considerations for civilian negotiators;

- A key way to disincentivize future conflict is to build a comprehensive natural resource management regime. Important features of the system may include:
  - Restriction of natural resource-related concessions to the military
  - Establishment of structural interdependencies among Sudanese regions, or individuals, who are seen as particularly likely to create conflict
  - Minimization of revenue loss due to smuggling
o Improvements in management of the costs associated with natural resource extraction, including consideration of the potential benefits of decentralization of resource management to local governments;

- While sharing the wealth of natural resources can be used to address *historic* marginalization of Sudanese populations, consider in any reallocation of natural resources also the potential *future* marginalization that may result from the current conflict and climate change – this may affect other populations who were not historically marginalized;

- Consider the effects of climate change on natural resource usage, both currently and in the future, and build mechanisms to address this proactively; and

- Consider involving a wide range of constituencies in the negotiation process, to ensure the needs of periphery groups are considered and actively included.