



Somaliland Non State Actors Forum

Location: Jigga-yar, Badda As, Behind WHO Office

Tel: +252-(2)-570536, +252-63-4414335

Website: www.sonsaf.org

Date: 22th June 2017

Position Paper on the 4th National Extractive Sector Forum

1. Introduction:

Somaliland Non- State Actors Forum (SONSAF) was leading subsequent policy interventions in the areas of the extractive industries, these policy interventions aimed at promoting good governance and regular citizens' participation in policy and decision-making process.

The initiative of SONSAF on the national extractive sector commenced in 2013, since then, SONSAF successfully hosted four forums on national extractive sector including this forum which was held in March 29th 2017. The Ministry of Energy and Minerals demonstrated in this last Extractive Industry Forum of 2017 some coherent strategies on the areas of communities' engagement, awareness raising and increased level of experiences and operational capacity compared to past forums.

The Ministry has also employed some professional staff in this field, in the previous years of 2014, 2015, 2016, the Minister was the only person who is able to respond questions from participants but in this year of 2017, there were some hired professional staff able to reflect questions and criticisms from the participants of the forum. SONSAF has observed that the Ministry has benefited from the past forums of the extractive sector and utilized the outcomes of policy recommendations.

In the meantime, the exploration activities as seismic acquisition program is again was restarted in 2017; this is very huge operation that may attract both development projects and conflict as many Sub- Saharan African countries experienced a perpetuate conflict caused by natural resources and Somaliland's economy was engulfed by civil wars and the legacy of the dictatorship of Mohamed Siyad Barre that ruled the Somali Republic for a period of 22 years.

Nonetheless, Somaliland is endowed untapped natural resources in which the present efforts of policy dialogue intend to inform the state mandated institutions on the appropriate standards for proper exploitation that can lead effective and efficient management of country's natural resources and on behalf of citizens.

From this perspective, the Government of Somaliland has accelerated its interventions and ambitious goals of natural resources exploitation, while recently concluded a new deal between some private companies and Government to reconstruct the Berbera cement factory that was destroyed during the civil wars in 1991. Many of the participants that attended in the forum argued the need for appropriate policy and legal framework for natural resources utilization.

Moreover, there are many challenges yet ahead in the process of exploration activities; some are related with climate change which caused recurrent droughts occurring in Somaliland where the rural communities lost around 70% of their livestock as the Government of Somaliland drought committee reported and situation of poor livelihoods may constrain the successive operations of the exploration initiatives, since many rural communities today are hardly to survive due to bankruptcy and nascent conditions in Somaliland.

Regarding conditions of the rural communities, particularly the areas that activities of the survey of the oil and gas is undertaking, where there is likelihood of insecurity and disturbance could be unavoidable due to emergence of poverty, which the Government of Somaliland would need to adopt a coherent strategy to embark on its restocking and recovery process. The Ministry has presented strategies and plans towards the environmental protection and minimizing the peril to the environmental hazards. The Minister appealed from all concerned actors to support the process of the survey and not to politicise the natural resources exploitation efforts in Somaliland.

On the other hand, this debate was mostly focusing on the legal and policy development which the Minister has confirmed that his Ministry submitted the draft laws and policies on oil and gas to the House of Representatives, but question asked to the Minister focused on the legitimacy of the current survey that is underway in the regions of Togdheer, part of Sool and Maroodi-jeex, since the legal framework is not yet approved by the parliament.

2. General Overview

It is notable that Somaliland civil society has had a greater involvement on the policy dialogue initiatives around the issues of promoting transparent and accountability of the state institutions in general and in particular the need to promote participatory governance on the management of the natural resources in Somaliland. Therefore, SONSAF hosted the fourth national forum on extractive sector in Somaliland which was held in Ambassador Hotel, on 29th March, 2017 and was attended by participants representing all concerned stakeholders.

The main objective of this forum was to promote transparency and participatory governance in the management of natural resources, influencing to strengthen, regulatory framework and ensure that citizens' participation is an integral part in the process towards the development of the sector.

In fact, debates and discussions on the extractive sector inspires many policy makers, private sector, academicians, international actors and civil society groups and thus, the fourth conference of 2017, there were important guests included Minister of Energy and Minerals, **H.E. Hussein Abdi Duale**, the Somaliland Solicitor General **Mr. Abdisamad Maal**, the Chairman of House of Representatives sub-committee of Environment and Natural Resources **Mr. Sead Warsame Ismail**, International Oil Companies, Civil Society Organizations, grass-root communities of those inhabitant in the Oil exploration sites, Private Sector, member of International Community Universities and other stakeholders.

In the opening session, the Minister of Energy and Minerals, **H.E Hussein Abdi Duale** has welcomed the participants of the forum and thanked to SONSAF for its efforts to monitor and support this process of the natural resources extraction. The minister has acknowledged that there is a greater need for preparing the requirements for the extraction of our resources including awareness raising for the grass-root communities and allowing them to participate the oil exploration activities and development of the policies and regulatory framework of the sector.

Furthermore, during the discussions of the forum, the Minister of Energy admitted that the nature of extractives has the problem of arising conflicts in the world, but he said “our conflict is driven by people who have vast interest of spreading rumours against the oil exploration by misleading the communities in the field.”

In order to avoid such conflict, the minister said, “We have conducted a community mapping and assessed communities structures in the oil exploration sites accompanied with awareness raising and community consultations”. At the same time, he added that the Ministry mobilized the community leaders including the traditional leaders, religious leaders, village/district management and local councils.

The Ministry held four consultation meetings with these above mentioned groups in order to have a common understanding on the issues of oil exploration activities and there were agreements between the Ministry and the grass-root communities in habitant the oil exploration areas.

In addition, the Minister of Energy also added that the Ministry selected and recruited community liaison officers from the communities in the sites of the exploration, who know their respective areas and they work with the community leaders and this is what previous forums have recommended for the Ministry to increase and regularize community awareness raising activities and consultations.

The presentations of the Ministry have indicated how Ministry improved its community engagement, inclusive decision making and regular consultations continued across the regions affected by the survey, although the Minster has stated that still rumours will have far reaching implications.

Furthermore, the Minister said: “after the disturbance of 2013, the Ministry and the International Oil Companies particularly Genel, agreed to handover the oil exploration activities to the Ministry and the Ministry advertised a bid through the National Tender Board for the seismic operations, which was open to both local and international bidders, the aim was to improve transparency of the oil exploration activities and this tender was succeeded a Chinese company called BGP and the Minister indicated that this company is one of the leading company in the world in this geophysical services.

Hence, the oil exploration has begun with the Seismic phase and the company who won the seismic operations and the Ministry of Energy agreed to protect the environment and the personal properties of the communities. For example, the Minister pointed out “if the seismic operations come against a tree which has a stem bigger than 20 centimetres, then the seismic should divert and bend from it”. At the same time, Minister confirmed that the casualties of the seismic operations should be compensated to the owners of the damaged properties, thought, there is existing compensation policy or regulations disseminated to the communities, this may create some sort of confusion by raising unrealistic expectations of compensations in the process of repairing damage.

The Chairman of the sub-committee of Natural Resources and Environment of the House of Representatives **Mr. Siciid Warsame Ismail** welcomed the initiative of the dialogue and greater need of the civil society and community participation in the development of extractive sector. He “stated that the outcome of the oil exploration and the benefits of the extraction is an asset for people of Somaliland.

The chairman of the sub-committee of the House reflected the need to put in place policies and laws regulating the sector. He added that “there are no approved laws for the Oil and Gas exploration and the first batches of bills are submitted to the House not yet approved.” The chairman revealed that even the House of Representatives need more understanding in the context of the regulations and he requested a greater support from the civil society in the regulatory framework.

Finally, this fourth forum of the extractive sector pursued some significant issues mainly evaluating what progress as well as challenges ahead the ongoing interventions of extractive sector, particularly the oil and gas surveying activities that are underway of the some regions in Somaliland. These policy advocacy led by civil society is pressurizing Somaliland Government in order to establish appropriate and applicable regulatory framework and policies in the management of the sector.

The forum has already reached some momentum that the key stakeholders interact face to face reflecting such multi- stakeholder dialogue of the members of the House of the Representatives Government, Civil Society, intellectuals, grass-root communities and international Oil exploration companies to pave the way to hold accountable to the mandated state institutions and international companies involved in the sector. In addition, Civil society offered to all stakeholders this avenue and acted professionalism and neutrality in the process of policy dialogue towards strengthening the proper management of the sector.

3. Key Issues Addressed During the Forum: Legal Framework, Community Engagement and Environmental Protection

It was obvious that most of the people attended the forum were optimistic that exploitation of natural resources would have a range of beneficial for the country’s domestic economic growth, employment opportunities and poverty reduction. However, the participants were in every time referring the terrifying history of Sub-Saharan African countries that experienced this course of the natural resources exploitation and abundance.

Legal framework: the debate on laying foundation of the legal and regulatory framework was a central in this forum and the Minister was asked frequently questions relating to legal and policy development. Indeed, it was notable that majority of the participants in the forum signalled out that this area of the oil and gas production is very sophisticated field whereas the regional and international experiences are needed to utilize for the benefit of the current Somaliland’s exploration efforts.

Nonetheless, the participants of the forum loudly reacted that the successful and peaceful extractive sector development depends on the level of transparency of the revenue- generating mechanisms, proper utilization of revenue and environmental protections laws, many participants depicted that exploration and exploitation of the natural resources such as oil, gas, and Mining can affect the patterns of livelihoods now hostage to situation of repetitive droughts and environmental degradation. Therefore, many of the participants’ in the forum argued that proper and effective legal development of the sector can help Somaliland to pursue the best practices of the extractives internationally.

On the other hand, the participants of forum recommended the House of Representatives to speed up the debate and approval of the draft laws submitted by the Ministry of Energy and Minerals, the civil society and intellectual penal of the forum raised that improving governance of the sector will also portray a good image of the sector and beyond. Some demanded that strengthening the rule of law and putting in place sound policies and laws may contribute

enhancing transparent, accountability, combat against corruption and environmentally responsible operations.

The Solicitor General **Mr. Abdisamad Maal**, pointed out that with his assistance the Ministry of Energy and Minerals submitted draft bills to the House of Representatives, these included the Petroleum Act, Petroleum Revenue-Sharing Act and Mining Act. In this area the participants recommended to accelerate the parliamentary dialogue on the approval and it was also recommended the need for the Houses of Parliament to scale up their oversight in the sector.

The chairman of the sub- committee the natural resources and environment of the House of Representatives Mr. Seed has demonstrated a mixed signals about the attitude of the members of the House towards this survey of oil, gas and Mining and he has stated that the role of his committee is very limited in this process and he recommended the process to be more inclusive in order to prevent conflicts and tensions both among the state institutions and outside.

Finally, if the geological data reveals that Somaliland has marketable oil and gas, the situation may likely temper new internal and external actors for competing, thus, the proper and comprehensive legal in placement should assist government to manage the traffics through legal means, otherwise; the context will be vulnerable to any threat and these uncertainty grounds may undermine the stages of development in this process.

Community engagement: as far as the process is concerned the community participation in the decision making and widening their active involvement in this process may contribute a greater cooperation between stakeholders in the sector.

In fact, continuation of multi-stakeholder policy dialogues stepped up to enhance continued pressures to the Ministry of Energy and Minerals to engage community leaders, women and youth groups in the field to be consulted and respected their views while the process of exploration commenced unprepared and without proper policy and legal framework.

Hence, the successive stakeholders' policy dialogues on the sector have established workable atmosphere which the fourth forum in 2017, the Ministry of Energy and Minerals showed a degree of improvement on the community engagement by allocating time and some resources of community consultations, negotiations and awareness raising.

The Ministry has presented the community the list of liaison officers deployed across the regions and districts, where survey is progressing to maintain the relationship and proper working environment. But the forum recommended to the Ministry to establish national strategic plan on the extractives, especially in this area of community participation. In the present time the rural communities have lost most of their livestock and there is increasing view and eye on the natural resources extraction and harnessing equitably.

In the meantime, it is encouraging sign that current momentum of the exploration activities the Minister is willingness to listen any complaints from the communities in the field as well as other stakeholders and this is what SONSAF was advocating the Ministry to be openness, transparent and cooperative. To this end, if the Ministry maintains such community consultations, mutual cooperation, transparent and harmony, the process of the exploration can be succeeded to reach the level of extraction and production.

Environmental protection it is worthy to mention that the livestock is the major sources of income and live line of the people in Somaliland, therefore, any environmental negative impact can deteriorate the present hard conditions brought by recurrent droughts associated with the climate change globally.

The ecological problems in Somaliland have dramatic consequences both human lives and animals, the sites of the explorations in all regions which were mapped out currently fall under the potential grassing areas which are strategic for the livestock development and rural communities.

Although, the Ministry has presented its plan for the environmental safeguarding but some civil society environmental activists questioned the process of the environmental impact assessment that the Ministry conducted, international standards of the environmental protection was recommended to the Ministry since the local expertise have limited capacity on the specific knowledge and skills required when assessing environment in relation to oil and gas exploration surveys, similarly the Ministry of Energy and Minerals has no expertise possessing the ideal knowledge and skills to conduct scientific assessment on environment.

Participants discussed that Ministry of Energy and Minerals needs to maintain a greater cooperation with other Ministries such as Ministry of Environment and Rural Development, Ministry of Livestock, Ministry of Water and Ministry of Agriculture, there was a cautious pessimism how environmental preservation can be consistently realized.

During the forum the Minister of Energy and Minerals declared that his Ministry is responsible the overall exercise of the survey and not the international companies. Hence, this is clearly shows to every citizen that Somaliland Government is liable whatever happens to the environment and many participants do believe that some environmental hazards are imminent since there are no standardized measures of the environmental protection put in place prior to operations.

4. Conclusions

Civil society policy dialogue initiatives around the extractive sector was meant to lay a preventive measures both conflicts and malpractices experienced many Sub- Saharan African countries. Somaliland is very ambitious to promote the extractive sector due to increasing public pressures of poor socio-economic conditions, unemployment, and poor social services, every incumbent Government of Somaliland is engaged to pressure taking some effective steps for the extraction and exploitation of the natural resources included oil, gas, cement, mining etc.

Furthermore, over the past decades the people of Somaliland demonstrated resilience while conditions difficult and most Somalilanders are very optimistic pursuing such utilization of the natural resource otherwise the poverty and situation of poor livelihoods cannot be elevated. In this stage of seismic phases created window of opportunity and hope. This position paper has emphasized on the acceleration and approval of the legal and regulatory framework in this sector.

5. Recommendations

The recommendations drawn from participants' reflections and concerns and there are very useful and credible insightful deliberations that can help the process to be well developed and constructive.

Ministry level

- Laying the proper foundation of the legal and regulatory framework is at moment a key priority to the sector development, all participants of the forum again repeated the need on the acceleration and approval of the laws and policies in the sector.

- At this level, it is crucial the Ministry of Energy and Minerals to increase cooperation and multi-stakeholder dialogue and grass-roots community meaningful engagement recommended across the process and stages of the exploration and exploitation of the natural resources of the country.
- Environmental protections require a greater cooperation among all concerned Ministries and Ministry of Energy and Minerals must regularize to conduct stakeholder dialogue on issues of the environmental and ecological safeguarding.
- Ministry of Energy and Minerals should increase the level of engagement of the Houses of the parliament particularly Sub- committee of the Natural resources and Environment of the House Representatives has legitimate role to inform and to be consulted both exploration activities and environmental protection.

Houses of Parliament level

- In this stage the Houses of Parliament are needed to step up and increase the oversight and accountability measures by producing applicable laws and policies that keep the natural resources maximum utilization in order to resolve country's critical development ingredients and poor economic trends.
- To put in place laws which is predicted and studied enough if Somaliland discover its endowed natural resources of oil and gas, the state should be to able administer through appropriately manner, the Houses of Parliament must ensure that Somaliland will not be like many rich-Oil and Gas Sub- Saharan African countries which failed proper handling and right utilization of the natural resources.
- The forum participants gave enough attention in this area of revenue- sharing and legal mechanisms needed to in place, therefore, it is the responsibility of both lower and upper Houses of the Parliament to put the agent of the Houses what policies and legal framework demanded to put in place.
- The current drafted bills submitted to House of Representatives should be sufficiently debated and approved and environmental protections and revenue – sharing legal mechanisms should be given adequate attention and Houses of parliament legitimate roles are necessary to function in this manner.

Community level

- Avoid rumors that can distort the momentum of exploration, grass-roots communities in the field should understand that they are beneficiaries in this project and if successful, they will access to quality education, better health services, clean water, employment creation, better roads and higher income per capita.
- Grass-root communities are primary stakeholders, Somaliland Constitution stated the land belongs to the state of Somaliland not individuals and clans, keeping in mind this, the community leaders and intellectuals in the sites must create good working relations with Ministry of Energy and Minerals and other state institutions relevant to this area of explorations.