Agreement

between

The Republic of the Sudan

and

The Republic of South Sudan

on

Certain Economic Matters

Addis Ababa, 27 September 2012

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Preamble

Affirming the commitment to the mutual economic and financial viability of the Republic of South Sudan and the Republic of the Sudan;

Desiring to reach agreements on economic and financial issues, including an agreement on how to deal with debts owed to each other and other financial claims;

Conscious of the mutual benefits to be derived from pursuing strategic cooperation on certain economic issues to maximize rather than prejudice the growth potential of each State;

Recognising the need to determine, on the basis of the principles of international law, how external and domestic assets and liabilities of the Republic of the Sudan are to be treated following the secession of the Republic of South Sudan;

The Parties agree as follows:

1. Definitions

"Agreed Zero Option": means the option provided for in Article 3.1.1 of this Agreement;

"Archives": means all documents of whatever date or kind, produced or received by the Republic of the Sudan in the exercise of its functions which, at the date of the secession of the Republic of South Sudan, belonged to Republic of the Sudan according to its internal law, and were preserved by it directly or were under its control as archives for whatever purpose;

"AUHIP": means the African Union High Level Implementation Panel on Sudan;

"Cultural Heritage Property": means "Cultural Property": For the purposes of this Part, the term 'cultural property' shall cover, irrespective of origin or ownership: movable or immovable property of great importance to the cultural heritage of every people, such as monuments of architecture, art or history, whether religious or secular; archaeological sites; groups of buildings which, as a whole, are of historical or artistic interest; works of art; manuscripts, books and other objects of artistic,

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historical or archaeological interest; as well as scientific collections and important collections of books or archives or of reproductions of the property defined above; buildings whose main and effective purpose is to preserve or exhibit the movable cultural property defined in sub-paragraph (a) such as museums, large libraries and depositories of archives, and refuges intended to shelter, in the event of armed conflict, the movable cultural property defined in sub-paragraph (a); centres containing a large amount of cultural property as defined in sub-paragraphs (a) and (b), to be known as 'centres containing monuments';

"External debt": means a debt claim held by a non-resident of the RoS and "external asset" refers to an asset held abroad or a claim against a non-resident of the RoS;

"HIPC": refers to the Enhanced Initiative for Heavily Indebted Poor Countries

"RoS": refers to the Republic of Sudan; and,

"RSS": refers to the Republic of South Sudan.

2. Cut-off date for determining assets and liabilities

- 2.1 The provisions in Article 3 of this Agreement shall apply only to the external assets and liabilities of the Republic of the Sudan that were in existence as of 8 July 2011.
- 2.2 The provisions in Article 4 of this Agreement shall apply to the domestic assets and debt liabilities of the Republic of the Sudan that were in existence as of 8 July 2011.

3. Treatment of External Assets and Liabilities

3.1 Agreed Zero-Option Approach

- 3.1.1 The two States hereby agree that the RoS, as the continuing state, shall retain all external debt liabilities and external assets of the RoS.
- 3.1.2 The two States shall take all necessary steps, including through a joint creditor outreach strategy, to secure from international creditors a firm commitment to provide comprehensive relief of the external debt of the RoS.

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- 3.1.3 The joint creditor outreach strategy referred to in Article 3.1.2 shall include:
 - the mobilisation of other states and international entities to lead and sustain (a) the international campaign for the relief of the external debt of the RoS; and,
 - (b) the implementation of targeted and intensive outreach activities directed at the creditors of the RoS holding significant amounts of external debt claims.
- 3.1.4 The "firm commitment" referred to in Article 3.1.2 shall be deemed to have been secured:
 - when the RoS reaches the "decision point" as provided for under the (a) Enhanced Initiative for Heavily Indebted Poor Countries (HIPC); and,
 - if the HIPC decision point is reached no later than two (2) years from the entry into force of this Agreement, or such later date as shall be agreed by the two States.

Trigger for Potential Apportionment of External Debts and Assets 3.2

- 3.2.1 If the firm commitment from international creditors regarding the relief for the external debt of the RoS is not secured, the Agreed Zero Option shall cease to apply.
- 3.2.2 Upon the Agreed Zero Option ceasing to apply, the two States shall enter into good faith negotiations to conclude apportionment of the external debt of the RoS and its external assets, taking into account the factors referred to in Articles 3.3.1 and 3.4.2.
- 3.2.3 If, notwithstanding an agreed apportionment, the RoS shall have made any payments to offset an external debt liability for which the RSS is otherwise responsible under this Agreement, the RSS shall reimburse the RoS for such payments.

3.3 Potential Apportionment of Project Loans

- 3.3.1 The Parties shall determine the apportionment of project loan obligations between the RoS and the RSS on the basis of the primary final beneficiary principle.
- 3.3.2 The project loan obligations under consideration by the two States amount to a total of between \$110 million (USD) and \$117 million (USD) as of 31 December 2009.
- 3.3.3 The RoS shall provide relevant documentation pertaining to project loans in order to ascertain the terms of the loan and the primary final beneficiary.
- 3.3.4 The two States shall complete the exercise of determining the apportionment of project loan obligations within six (6) months after the date referred to in Article 3.1.4 (b), or such later date as they may agree upon.

3.4 Potential Apportionment of "Balance of Payments Support" Loans

- 3.4.1 The two States shall give further consideration to the potential apportionment of "balance-of-payments support" loan obligations, and shall identify such obligations jointly, and by reference to data that has been reconciled between the RoS and its respective international creditors.
- 3.4.2 In determining the formula for the apportionment of "balance-of-payments support" loan obligations, the two States shall consider criteria, including, the relative level of physical infrastructure development, human development, and the population within the RoS and the RSS, respectively, as of 9 July 2011.
- 3.4.3 The two States shall complete the exercise of determining the apportionment of "balance of payments support" loan obligations within six (6) months after the date referred to in Article 3.1.4 (b), or such later date as they may agree upon.

4. Treatment of Domestic Assets and Liabilities

4.1 The Territorial Principle

4.1.1 Unless otherwise agreed, the two States shall treat domestic assets and liabilities in accordance with the territorial principle, by which assets and

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liabilities that have a domestic connection to the territory of Sudan shall be allocated along territorial lines and attributed to the respective State.

4.1.2 Accordingly:

- (a) any domestic asset, including but not limited to movable and immovable property located on the territory of a State shall be attributed to that State; and,
- (b) any domestic liability associated with the territory of a State shall be attributed to that State.

4.2 State Archives

- 4.2.1 Any part of an Archive which is required for the normal administration of the territory of the RSS, or which relates directly to the territory of the RSS, shall pass to the RSS.
- 4.2.2 The RoS shall provide the RSS with the following information:
 - the best available evidence from its State Archives, including maps and other documents relating to title to the territory of the RSS and to its boundaries; and,
 - b) such other information as is necessary to clarify the meaning of Archives that pass to the RSS.
- 4.2.3 Any agreement on Archives shall not impede the access of individuals or groups of people from either State, to information about their history and their cultural heritage.
- 4.2.4 The transfer of State Archives shall be effected without compensation between the respective States.
- 4.2.5 Arrangements shall be made to make digital copies of documents and maps, as agreed between the Parties, that refer to the normal administration of both the territories of the RoS and the RSS, and for these copies to be deposited with the relevant institutions in both States.

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4.3 Cultural Heritage Property

- 4.3.1 Property of particular importance to the cultural heritage of a State, or which originates from a State, shall pass to that State and, where practicable, shall be repatriated to that State.
- 4.3.2 The State in possession of the property shall have primary responsibility for the repatriation of property.
- 4.3.3 Each State shall submit to the other State the details of any Cultural Heritage Property to which it lays claim.
- 4.3.4 The transfer of Cultural Heritage Property shall be effected without compensation between the two States.
- 4.3.5 The Parties shall establish a Joint Archives and Cultural Heritage Property Committee to assist in the identification of such Archives and Cultural Heritage Property located in the RoS and the RSS and to agree on suitable arrangements for their repatriation.
- 4.3.6 Where the two States deem that repatriation is not possible, arrangements shall be made with the mutual consent of the Parties, to facilitate access.
- 4.3.7 Any other matters relating to the implementation of this Agreement on assets and liabilities shall be addressed jointly between the two States, through the joint implementation mechanisms established in the Cooperation Agreement, and in accordance with the principles set forth in this Agreement.

5. Mutual Forgiveness of Claims of Non-Oil Arrears and Other Claims

- 5.1.1 Each Party agrees to unconditionally and irrevocably cancel and forgive any claims of non-oil related arrears and other non-oil related financial claims outstanding to the other Party, up to the date of this Agreement, including the claims of arrears and other financial claims filed by each Party with the African Union High Level Implementation Panel on Sudan in February, 2012.
- 5.1.2 To that end, each Party acknowledges that there shall be no further liability owed to the other Party in respect of such arrears or other financial claims.

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- 5.1.3 The Parties agree that the provisions of Article 5.1.1 shall not serve as a bar to any private claimants. The Parties agree to safeguard the rights of private claimants and to ensure that such claimants that they have the right of access to the courts, administrative tribunals and agencies of each State for the purpose of realizing the protection of their rights.
- 5.1.4 The Parties agree to take such action as may be necessary, including the establishment of joint committees or any other workable mechanisms, to assist and facilitate the pursuance of claims by nationals or other legal persons of either State to pursue claims in accordance with, subject to the provisions of the applicable laws in each State.

6. Joint Approach to the International Community

- 6.1.1 Consistent with their recognition of and commitment to the overriding principle of two viable States, the Parties hereby agree to undertake, jointly with the AUHIP, an approach to the international community for the purposes set out in this Article.
- 6.1.2 The Parties and the AUHIP shall constitute a joint delegation which shall seek assistance from the international community with respect to:
 - a) contributions of monies to provide one third of the aggregate amount of the funding required to fill the financing gap of the RoS resulting from the loss of revenues previously received from oil exports from the territory of South Sudan:
 - funding to support the RSS in carrying out programmes and projects designed to respond to its urgent and immediate developmental challenges;
 - c) direct debt relief from creditors of the Republic of the Sudan's external debt, including debt relief provided under the HIPC initiative to be provided by no later than two years (2) from the signing of this Agreement; and,
 - d) assistance in the lifting of all economic sanctions imposed on RoS.
- 6.1.3 The modalities and programme for this joint approach shall be agreed by the Parties and the AUHIP within 30 days of the signature of this Agreement.

Done in Addis Ababa, this 27th Day of September, 2012:

H.E. Idriss Abdel Gadir

On behalf of:

The Republic of the Sudan

H.E. Pagan Amum Okiech

On behalf of:

The Republic of South Sudan

Witnessed by:

H.E. Thabo Mvuyelwa Mbeki

Chairperson, African Union High Level Implementation Panel

On behalf of the AUHIP