



Puntland Petroleum and Minerals Agency, Puntland State of Somalia.

PRESS RELEASE

May 25, 2013

Puntland Government Position on Natural Resources in Somalia

It has come to the attention of the Puntland Petroleum and Minerals Agency (PPMA) that over the past few months the international media has been covering matters concerning hydrocarbon issues in Somalia.

Many of these reports have contained misleading information about the nature of the Somali Federal Constitution and the constitutional rights of Federated States. This press release seeks to correct and clarify the legal issues and rights and responsibilities surrounding hydrocarbon issues in Somalia.

Puntland State of Somalia is a Federated State within the Federal Republic of Somalia, with an adopted State Constitution. The people of Puntland are proud to have contributed significantly to rebuilding Somalia through their efforts to ensure peace, security, governance, and economic development, and will continue to do so.

On August 1, 2012, the Somali National Constituent Assembly – of which Puntland had delegates – adopted the Provisional Federal Constitution (PFC) in Mogadishu, under which the country's current Lower House of Federal Parliament and new President were established.

Provisional Federal Constitution

Under Article 55 of the PFC, the Somali Federal Government (SFG) has the following four delegated powers: (a) Foreign Affairs; (b) National Defense; (c) Citizenship and Immigration; and (d) Monetary Policy. These powers, as the Constitution states, are the only *"powers and responsibilities of the Federal Government"* until all the Federated States of Somalia are completely established and reach a comprehensive negotiated settlement with the Federal Government, concerning the final constitutional allocation of power and resources between the Federal Government and the Federated States. The powers endowed to the SFG in Article 55 are also subject to other constitutional provisions that guarantee the States' rights of consultation with the SFG over federal matters and national security arrangements.

In addition, all matters specifically concerning natural resources are dealt with in Article 45 of the PFC. This Article states that the "the allocation of the natural resources of the Federal Republic of Somalia shall be negotiated by, and agreed upon, by the Federal Government and the Federated States in accordance with this Constitution". The SFG and the Federated States, once completely established, shall agree upon in a negotiated settlement a system of management and revenue sharing from natural resources, to be incorporated into the finalized Federal Constitution.

Article 45 operates parallel to Article 208 of the PFC, which stipulates: “(1) Until such time that all the Federated States of Somalia are established and the Federated State Constitutions are harmonized with the Somali Federal Constitution, the Federated States existing prior to this Provisional Constitution shall retain and exercise powers endowed by their own State Constitution. (2) Existing Federated States must be consulted in the decision-making process regarding the federal system and national security arrangements”.

Puntland State Constitution

Following on from these Articles in the PFC, Article 54 of the Puntland State Constitution stipulates that Puntland State owns, administers and receives all the revenues from natural resources in Puntland. Under the provisions of the current PFC, Puntland shall retain its constitutional rights – enshrined in the Puntland State Constitution and in harmony with the PFC.

Puntland Petroleum and Minerals Agency

The Puntland Petroleum and Minerals Agency (PPMA) is the competent authority charged with the management, oversight and regulation of Puntland Government’s hydrocarbon and minerals policies and operations.

Any entity, either from the Somali Federal Government, or any individual(s) purporting to be a consultant to, or having a role in advising the Somali Federal Government or Puntland Government, whether they are foreign or Somali nationals, are not responsible for, nor have the authority to discuss, negotiate or represent Puntland Government in hydrocarbon and/or minerals operations in any part of Puntland territory, onshore or offshore, to any Somali or foreign company.

Confirmation of Support for Current PSAs in Puntland

Petroleum and Minerals Agency PPMA reaffirms that the people and Government of Puntland shall honor, respect, and uphold the current PSAs with our partners. These contracts were signed in 2007 and are legally valid agreements.

Further inquires, please contact:

Mr. Issa M. Farah, the Director General of Puntland Petroleum and Agency at (dhollowaa@gmail.com)