



# IEITI

مبادرة الشفافية للصناعات الاستخراجية في العراق

IRAQI EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

# TRANSPARENCY IN OIL SECTOR IN IRAQ

Iraq Energy Forum 2017, Baghdad

**Iraqi Transparency Initiative in Extractive Industries is considered a global standard of transparency in the extractive industries sector and is based on reconciliation between what is paid by the companies and what is received by the Government with revealing this info to the public, This goal is represented by revealing the payments and the amounts that have been received and investigation in the reasons of discrepancies.**

**The Government of Iraq has issued a letter to EITI board willing to join the initiative in 2008.**

**In 2011, the first IEITI report was issued regarding the financial year 2009, while Iraq had become a compliant country in EITI in 12/ 12/ 2012.**

## **Transparency of Contracts**

**International Oil Companies were invited to pre-qualification phase to submit bids. Revenues. transparency experts considered this procedure to be the most effective to avoid the risks of corruption and inconsistency of information in the phase of award.**

## IEITI has worked on:

pressing the costs of production.

increasing and training of Iraqi manpower.

increasing the implementation of social responsibility to develop the local communities.

complete the extractive operations with refining.

opening new prospects to fulfill the local needs and initiate its export.

## Number of Employees

Oil Fields	Number of Iraqi Employees (1)	Number of Foreign Employees (2)	Total Number of Employees (1+2)	Ratio (1 / Total Employees)
Total	16,914	6,913	23,827	71%

## Training by IoCs for licensing rounds for years 2010- 2015

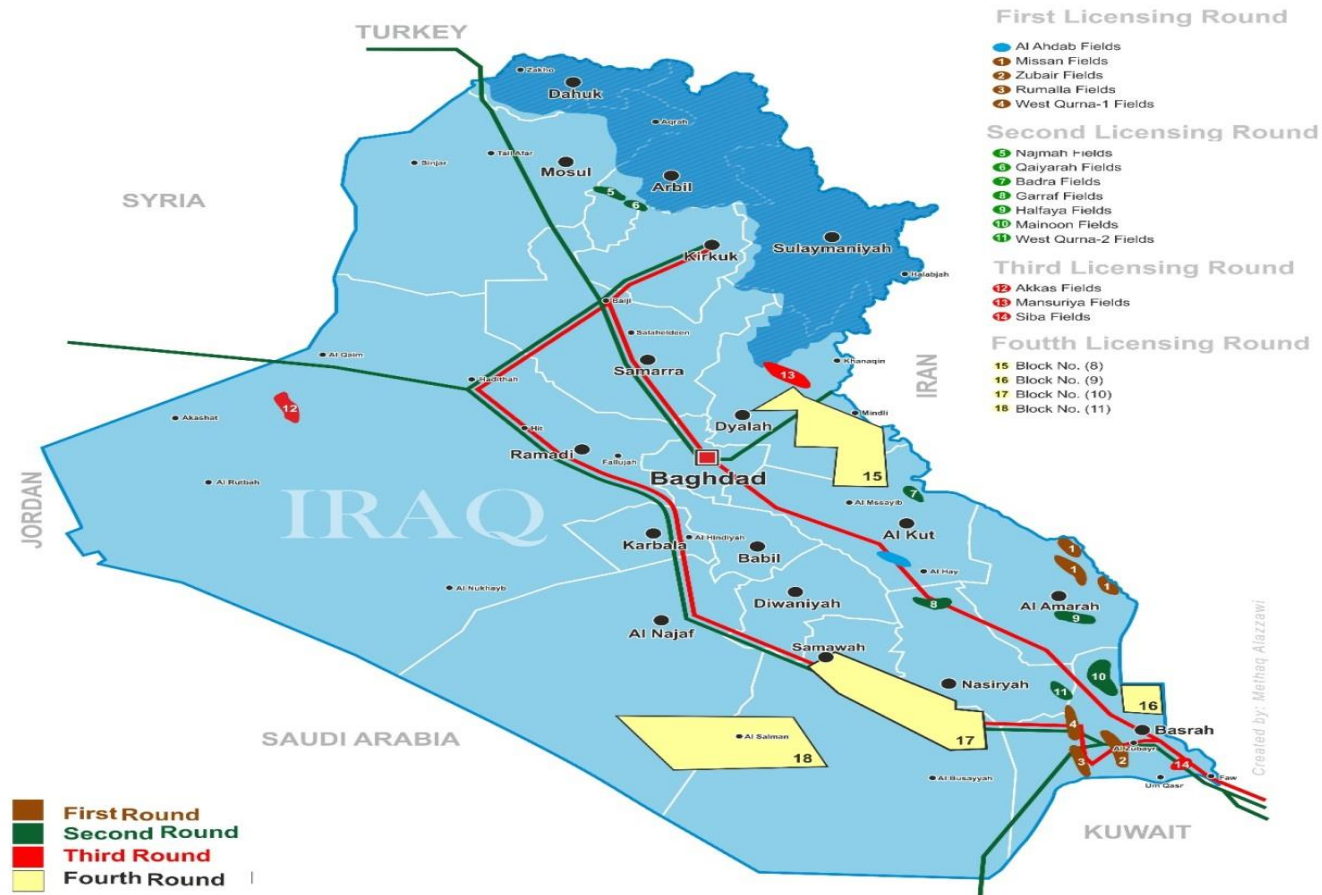
Total Amount (\$)	Actual spent	Remaining amount	No. of participants	Training for Basrah fields
191,11,432	72,065,174	140,407,343	574	

# Revenues and Payments

Total revenues of crude oil sales (from 2011 to 2015)=  
**\$ 381,667,446,304**

Total payments to international oil  
companies= **\$ 42,829,836**  
which represents **11,2** of the total oil  
industries revenues

# Bidding Rounds of Iraqi Fields





## Total Crude Oil Lifted (USD)



<u>Baseline Production (Barrel/day)</u>				
Oil Field	Al Rumaila	Missan	Al Zubair	West Qurna (1)
<b>Baseline</b>	<b>1,066,000</b>	<b>88,000</b>	<b>182,778</b>	<b>244,000</b>
Year	Main Production			
<b>2010</b>	-	-	<b>175,880</b>	
<b>2011</b>	<b>980,729</b>	-	<b>170,328</b>	<b>219,630</b>
<b>2012</b>	<b>931,742</b>	<b>78,557</b>	<b>161,820</b>	<b>216,022</b>
<b>2013</b>	<b>885,108</b>	<b>76,913</b>	<b>153,721</b>	<b>205,210</b>
<b>2014</b>	<b>743,335</b>	<b>73,067</b>	<b>146,035</b>	<b>194,949</b>
<b>2015</b>	<b>687,585</b>	<b>69,414</b>	<b>138,733</b>	<b>185,202</b>

- The average daily production for the first licensing round (Al Rumaileh, Al Zubair, South Al qurna, Missan) was around (1,100) Thousand barrels per day, which represents the baseline production of these fields assuming continuous production since year 2010 until the end of year 2015, with a declining (normal production) average of (5%) yearly. Assuming that the ministry of oil did not sign any contract in first or second licensing rounds, the current production would be (1,100) Thousand barrels per day adding to it (206) Thousand barrels per day for national production to reach (1,300) Thousand barrels per day as an average total production, while the actual daily production from these licensing rounds fields is about (3,550) Thousand barrels per day. This indicates that implementing licensing rounds service contracts has added an average production of (2,250) barrels a day

- \*(as reported by PCLD).

## Production and export of 2015

Description	2014 (1)	2015 (2)	Incremental Rate (2/1)
Total extracted crude oil	1,135,321,786 (BBL)	1,278,991,546 (BBL)	13%
Daily Production rate of Crude Oil	3,110,471 (BBL/d)	3,504,086 (BBL/d)	13%
Total export of crude oil	918,175,869 (BBL)	1,096,778,861 (BBL)	19%
Daily export rate of Crude Oil	2,515,550 (BBL/d)	3,004,860 (BBL/d)	19%
National daily production rate	3,110,471 (BBL/d)	391,590 (BBL/d) *	-
The daily rate of licensing rounds		3,112,496 (BBL/d) *	
National Production	-	142,930,425	-
Licensing Rounds	-	1,136,061,121	-

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## BENEFICIAL OWNERSHIP

REVEALING WHO STANDS  
BEHIND THE COMPANIES



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- 1. What is beneficial ownership? Why is it important?**
  - 2. Beneficial ownership and EITI.**

# Who is a beneficial owner?

*“A beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity”*

تعريف ملكية المنفعة

والمالك المستفيد هو الشخص الطبيعي أو المعنوي (الشركاء الطبيعيين) الذي ، بشكل مباشر أو غير مباشر ، يمارس سيطرة كبيرة على الشركة بموجب غطاء قانوني لكيان الشركة أو لديها مصالح اقتصادية كبيرة فيها ، أو يتلقى .فائدة اقتصادية كبيرة منها.

## **Politician\* :**

**the person or persons who are holding or previously held an important position in the government, including the names of his first degree family.**

\*the requirements of Article 52 United Nations Convention for anti Corruption for the year of 2003



# Benefits of beneficial ownership transparency

- Improve the investment environment.
- Reduce the reputation risks.
- Prevent corruption and illegal financial flows.
- Improve the domination of law.
- Increase trust and accountability.
- Enhancement of revenues collecting.

# What the EITI Standard says on beneficial ownership

## Summary of EITI Requirement 2.5:

- EITI Reports must document the government's policy and MSG's discussion on disclosure of beneficial ownership (#2.5.b.i).
- By 1 January 2017, the multi-stakeholder group must publish a roadmap for disclosing beneficial ownership information (#2.5.b.ii).
- By 1 January 2020, it is required that implementing countries request, and companies disclose, beneficial ownership information for inclusion in the EITI report or a public register (#2.5.c-f).
- The EITI Report should also disclose the legal owners and share of ownership (#2.5.g).