

Annex 1. Revenue Transparency Requirements in Extractive Industry Projects of the World Bank and IFC Projects Approved & Proposed July 2005 – December 2006

Annex 1 includes information on all approved and proposed extractive industry (oil, gas, and mining) related projects of the World Bank, IFC, and MIGA for FY2006 and for the 2006 calendar year, i.e. July 1, 2005 to December 31, 2006. This included 38 loans – 14 World Bank, 23 IFC, and 1 MIGA. Information in the table is based on a review of publicly available World Bank and IFC project documents – mainly the World Bank’s project information document (PID) and loan agreement, and the IFC’s summary of proposed investment (SPI). According to the IFC’s Policy on Social and Environmental Sustainability, project commitments on revenue transparency will be noted in the SPI.

All projects were categorized into one of the last two columns in the table: 1) containing a commitment on revenue transparency, or 2) not containing a commitment on revenue transparency. A description of how the project/program does or does not address revenue transparency is provided based on what the Bank documents state. In three IFC cases, the projects were placed in the No Commitment column because 1. the project considered involvement in EITI as meeting project-level disclosure (Ghana), and 2. it is not officially declared in the PSI, but the IFC states that the project has committed to future disclosure if the exploration project becomes operational (Egypt & Guyana). Please note, when documents were not available (shaded) or a project was dropped, the given project was not considered as a “missed opportunity” in the assessment’s overall summary table 1, column c.

COUNTRY	PROJECT NAME	MAJOR SECTOR	PRIMARY ACTIVITY	AMOUNT (mil. US\$)	APPROVAL DATE	REVENUE TRANSPARENCY COMMITMENT	NO COMMITMENT or PUBLIC DISCLOSURE IS UNCLEAR
Africa							
World Bank						3	3
Ghana, Benin, Togo	West Africa Gas Pipeline Phase II	Gas	Technical Assistance	12	Project dropped		Although the TA project was eventually dropped, it is important to note that there was <u>no revenue transparency commitment</u> . This is important because the WB’s FY05 \$50 million loan to the West Africa Gas Pipeline also does not include revenue transparency. <u>Note: In the summary table, this project was not considered a missed opportunity for the Bank.</u>

Tanzania	Sustainable Management of Mineral Resources, TAL	Mining	Gold - Technical Assistance	50	4/16/2007 (Board date)	Public sector governance issues in the management of mineral resources will be addressed, by the project, through the formulation of transparent and traceable mechanisms for the transfer of fiscal revenues. <u>Particular attention will be devoted to the roles and responsibilities of central and regional/district authorities, sharing of mineral revenues with local governments and the related communities and transparency, for which the participation of Tanzania in EITI will be encouraged and supported.</u>	
Chad	Petroleum Management Capacity Building	Oil	Technical Assistance	10	Project dropped		This TA does not involve revenue transparency, but an earlier Bank loan for the Chad Cameroon pipeline had transparency requirements. However, it is disappointing on such an important project not to have follow-up on it in this TA. <u>Note: In the summary table, this project was not considered a missed opportunity for the Bank.</u>
Mauritania	2nd Mining Sector Cap.Building Supplemental	Oil & mining	Technical Assistance	5	6-Jul-06	An EITI country. 2005 will be first audited EITI report; the 2007 report will include new 2006 project revenues. Specific assistance from Bank is unclear.	
Gabon	Natural Resources Management Development Policy Loan	Oil & mining	Development Policy	3.8 (oil & mining portion)	15-Nov-05	The DPL will support the Government's efforts in carrying out governance-related actions necessary to support EITI implementation in both oil and mining sectors. Activities supported will range from assisting in the setting up of an EITI task force, to the definition of the reporting template and procedure, the design of an information campaign, the dialogue with civil society and private sector, and the recruitment of an auditor. The output will be the regular publication of an audited, EITI report comparing revenues received by Government with amounts paid by the companies. The DPL will help Gabon draw on other countries' implementation experience, and will support the setting up of legal, institutional, and financial arrangements to ensure the sustainability of the process.	

						With regard to the mining sector, the proposed DPL will also help the Government broaden the sector reform process initiated under the EITI initiative.		
Congo, DR	Transitional Support for Economic Recovery Operation	Mining	Development Policy	13.5	Not available		No PID document available. Unable to determine commitment. [Project information obtained from WBG 2006 EIR Implementation Report] (See Bank Response in Annex 2) [Not included in table totals below]	
Sierra Leone	Programmatic Governance Reform and Growth Grant 1	Mining	Development Policy	2	14-Dec-06		PID cites supporting reform agenda, particularly in mining. Revenue transparency is not mentioned. Bank response: PID does not mention EITI but the program document does mention it extensively. [Still not clear how Bank program is involved. Could just be gov commitment w/o performance indicator, etc.]	
IFC						2	1	
South Africa	Lonmin Plc.	Mining	Platinum - Mine	115	12/19/2006	Lonmin will disclose all material tax and royalty payments in its annual report and accounts as required by statutory reporting authorities. (Unclear project-level disclosure.) IFC will work with all stakeholders to develop a community led plan that develops capacity of the stakeholders to manage and account for revenues that they receive.		
Ghana	Gold Corporation (Ahafo)	Mining	Gold - Mine	75	31-Jan-06		"If the Ahafo project becomes operational before Ghana completes the process of accession to the EITI, Newmont has committed to make public all payments made to the Government of Ghana."	
Guinea	Simandou Iron Ore	Mining	Iron - Mine	5	20-Apr-06	"Rio Tinto has already committed to full local disclosure of all payments made to the government during the development and operational phase of the project."		
Middle East & North Africa								
World Bank							2	

Egypt	Natural Gas Connections Project	Gas	Pipeline	75	2/27/2007 (Board date)		No PID available. Bank Staff response: this project supports distribution of gas to households. It is not an upstream project generating large rents for the government. [Bank should still be addressing revenue transparency at the state level for the sector as it is assisting the government to develop this sector.]
Morocco	Energy Sector Development Policy Loan (DPL) Project	Oil and gas	Development policy	100	12/19/2006 (Board date)		No commitment. Promoting domestic oil and gas exploration is part of this project. Bank response: this project is <u>primarily</u> about policy reforms in the electricity market, energy efficiency, renewable energy and petroleum product distribution. Again it is not related to upstream production or revenues which might accrue to the government from upstream production.
IFC						3	1
Egypt	IPR Trans Oil Corporation	Oil	Production & exploration	25	29-Dec-06 (Board date)	"To ensure transparency, IPR has agreed to publish their annual payments to EGPC"	
Egypt	Tantalum Egypt (Gippsland)	Mining	Tin – Mine, feasibility, exploration	4.28	5/11/2006 (Board date)		No revenue transparency commitment. "The project is an early-stage equity investment of US\$2 million in Gippsland Limited to facilitate completion of feasibility studies of the Abu Dabbab Tantalum-Tin Project, and early stages of the Company's gold exploration activities." IFC response: Project still at Feasibility Study Phase, no production, no revenue payments to the government. <u>The project sponsor has committed to make public payments to the government once the project is operational.</u> [This project was left as unclear in the summary table 1 because the public has not way of holding them accountable to this verbal commitment to the IFC.]

Egypt, Pakistan	Rally Energy	Oil	Production	25	5-Apr-06	"to ensure transparency, payments to governments will be publicly disclosed by Rally in its annual report. " (Project-level reporting unclear.)	
Middle East (Yemen and Vietnam)	Soco Facility	Oil and gas	Production, exploration	45	9-Aug-05	IFC response: The project is disclosing taxes paid to the government.	
Asia							
World Bank							1
Indonesia	ID-Domestic Gas Market Development Project	Gas	Pipeline	80	13-Dec-05		No commitment of revenue disclosure in loan agreement or project appraisal. Note: the World Bank and ADB were instrumental in Indonesia's new Gas Law of 2002 and setting up the Production Sharing contract model for this sector. PGN is the main target of this project (see IFC below).
Afghanistan	Sustainable Development of Natural Resources	Mining	Technical Assistance	30	20-Jun-06	Establishment of an International Advisory Council and the endorsement and implementation of EITI. The project will establish a Program Management Unit (PMU) to supervise day-to-day implementation of the project... The PMU will also have procurement and financial management specialists and an advisor for EITI. The government, as part of negotiations for the project, has indicated its intentions to endorse the principles of the EITI. The project will help establish a multi-stakeholder EITI committee, which will agree upon basic EITI procedures and develop a work plan. The committee will draw members from the government, extractive industries, and civil society. [GOVERNMENT HAS NOT YET ENDORSED EITI]	
IFC							3
Indonesia	PGN Investments	Gas	Infrastructure distribution/ expansion	50	5-Sep-06	Revenue transparency not applicable. The project sponsor is PGN, which is engaged in the transmission and distribution of natural gas in Indonesia.	2

India	PSL Limited	Oil and Gas	Technical Assistance - Pipe mnftg.		13-Jan-06	(Given it is still support to oil industry development, is the Bank supporting transparency at the country level?)	
India	Cairn India	Oil and Gas	Exploration/production	45	26-Oct-06	The company has agreed to disclose publicly its payments to governments (including production sharing) at the state and national level.	
Pakistan	Dewan Petroleum (Rally Energy)	Gas (and oil)	Production, hydrocarbon exploration	50	22-Jun-06	"..revenue payments made by the company to the government and their agencies will be disclosed by the company on an annual basis." Note: Project document states "Pakistan's performance on governance reveals weaknesses as evidenced by low scores on the Transparency International and World Bank Institute indicators"	
South Asian Region (Bangladesh & India)	Cairn Corp II (Cairn Energy)	Oil and Gas	Exploration, production, & export	150		IFC states that the PSI (which we were unable to find, will look again) states that Cairn discloses government payments through the Cairn Corporate Responsibility Report. [Project-level disclosure unclear.?	
East Asia	Asian Lion Fund	Mining	Exploration, equity investments	3	14-Jun-06		No revenue transparency commitment. The project sponsor is Lion and raises funds for mining and exploration companies in Australia, Africa, Indonesia, and the Philippines. IFC Response: the SPI did not explicitly state a revenue disclosure commitment, but the IFC confirms the investors have agreed to it and in due course disclosures will be made.
Latin America & Carribean							
IFC						7	1
Guyana	Guyana Goldfields Inc	Mining	Gold - exploration	4.3	01-Mar-06		No revenue transparency commitment. "As with all extractive industry projects that could provide substantial benefits to governments, the governance and transparency of any potential revenue flows to the government will be a focus for the WBG " IFC response: Early stage equity investment, no production or revenue generation yet. The sponsor has agreed to disclose in its annual financial statements all royalties and income

							taxes paid to the Government of Guyana. [Project-level unclear.]
Argentina	Diadema II	Oil	Production	70	24-Feb-06	The Company has agreed to make its annual payments to the government available to the local community.	
Argentina	Pan American Energy (PAE)	Oil and Gas	Production	120.5	30-June-05	<p>Although PSI does not state a commitment, the IFC states: The company discloses on a quarterly basis all of its payments to local, provincial and federal authorities as part of its ongoing reporting obligations to Argentina's National Securities Commission in conjunction with its fixed income securities. These disclosures are available to the public at http://www.cnv.gov.ar/</p> <p>Pan American Energy is an alliance between Amoco Corporation (Amoco) and Bidas Corporation (Bidas) for specific oil and gas activities in the Southern Cone of South America.</p>	
Argentina & Chile	Geopark	Oil and Gas	Production	30	31-Jan-06	The Company has also agreed to make its annual payments available to the local communities in which GeoPark operates, and on its corporate website.	
Colombia	Petrotesting Colombia S.A	Oil and Gas	Exploration & production	35	03-Apr-06	Petrotesting discloses taxes paid to the government on its website. (Project-level disclosure unclear)	
Colombia	Kappa	Oil and Gas	Exploration & production	30	21-Aug-06	..all payments to the GOC will be publicly disclosed by Kappa in its website. (Project-level disclosure unclear)	
Peru	Block Z-1	Gas	Production	50	31-Oct-06	The Government, through the Minister of Energy and Mines, has subscribed to the EITI and appointed an EITI coordinator. BPZ has also agreed to make all payments made to the government public.	

Venezuela	Petrofalcon	Oil and Gas	Exploration & production	24	13-Dec-04 (signed 24-Jun -05)	<p>Project-level disclosure of revenue is unclear.</p> <p>SPI states: IFC plans to monitor the... payments made by VOG to local and federal governments</p> <p>Petrofalcon is already disclosing the amount of income tax paid in Venezuela through its audited annual financial statements (available to the public at www.sedar.com).</p> <p>With regards to transparency in the hydrocarbons sector, the Venezuelan government presents a better track record. PDVSA (the national oil & gas company), discloses in the Form 20-F filed with the SEC (available to the public at www.sec.gov/edgar) the amount of payments to the government in the form of production tax, income tax and dividends. The financial data presented in the form is taken from PDVSA's audited consolidated financial statements.</p> <p>Unclear project-level disclosure.</p>
Europe & Central Asia						
World Bank						3
Turkey	Gas Sector Development	Gas	Infrastructure (storage & compressor stations)	325	29-Nov-05	No revenue transparency or EITI commitment. (none mentioned in EIR implementation) (Note: infrastructure related to SCP). BOTAS, Also funding BTC in Turkey, but no EITI.
Serbia/ Montenegro	Programmatic Private and Financial Development Policy Credit	Mining	Legal framework	2.2	06-Dec-05	No revenue transparency or EITI commitment. (none mentioned in EIR implementation) Project supports new mining royalties framework.
Mongolia	Governance Assistance Project	Mining	Registry and cadastre system	14	23-May-06	No revenue transparency or EITI implementation commitment. Mining is one component of a multi-purpose loan. "While selecting activities, other development partner involvement was carefully identified as well as critical gaps. Initially, planned activities in areas such as anti-money laundering,

							customs administration, demand-side activities to strengthen transparency and accountability, support to the Extractive Industry Transparency Initiative (EITI) were eventually taken out of the project as other existing or planned activities by other development partners or by the World Bank itself were identified." [There may be follow up here, but it is unclear if it will be a lending operation.]
IFC						1	1
Russian Federation	Alliance Oil	Oil	Refinery, exploration	25	14-Mar-06		No revenue transparency. Investments mainly in the expansion of the oil company's retail network and refinery modernizations. Also, includes expansion of infrastructure and geological exploration.
Russian Federation	Kupol (Bema Warrants)	Mining	Gold & silver mining/production, exploration	39	27-Oct-05	IFC states: Information on government revenue payments made by Kupol are being made public in a booklet that the company is in the process of compiling. [Appears to be project-level disclosure, see IFC comments on MIGA below]	
Turkey & Romania	Toreador Resources Corporation	Oil and Gas	Exploration & production	50	18-Dec-06		"The benefits of this project come in a number of forms as outlined above, including revenues to the governments of Turkey and Romania in the form of corporate taxes (33% in Turkey and 16% in Romania) and royalties (12.5% of production in Turkey and 7.5% in Romania)." The IFC plans to monitor payments made to the government, but the SPI does not state a commitments to public disclosure. IFC Response: the SPI did not explicitly state a revenue disclosure commitment, but the IFC confirms the investors have agreed to it and in due course disclosures will be made.
Kazakhstan	Oil and Gas Industry SME Supplier Development	Oil and Gas	Distribution - Advisory project	0	2005		Project documents not available.

/MIGA						1	
Russian Federation	Kupol (Bema Gold)	Mining	Gold & silver mining & production	110	27-Oct-05	Bank response: The Guarantee Holder is committed to EITI principles and will disclose all payments made to the Government in the project website www.Kupolgold.com. At the provincial level, the Chukotka Government will disclose aggregate mining revenues in the website www.chukotka.org. At the national level, revenue transparency is being addressed through the new Subsoil Law and the centralization of the regulatory functions of the state.	
Totals						REVENUE TRANSPARENCY COMMITMENT	NO COMMITMENT or PUBLIC DISCLOSURE IS UNCLEAR
World Bank						4	9
IFC						16 (6 unclear project-level disclosure)	6
MIGA						1	
Total WBG						21	15

Note: WBG documents were unavailable for two projects/programs, so the total comes to 36 instead of 38.