

## Available Company Data for IFC Required Disclosures

August 13, 2008  
By Elizabeth Carlson

The International Finance Corporation (IFC) requires extractive industry clients to publish all material payments to the government, as laid out in its Policy on Social and Environmental Sustainability. The IFC provides links to these disclosures on its website: <http://go.worldbank.org/R0B8UMNDC0>. The site was to be updated in July 2008 and then subsequently in June of each year. However, as of August 13, 2008, only six of the nine applicable projects contained activated links. Of these six, one provided only 2006, rather than 2007, figures. Projects without any links included Vostok in Russia, Melrose in Egypt and Bulgaria, and Pan American Energy in Peru.

The types of data reported varied greatly among companies. For example, Kappa Energy in Columbia reported detailed payments by level of government and payment type. On the other hand, Petrotesting, also in Columbia, provided only aggregate taxes and royalties. The Petrotesting data was for 2006, not 2007, and was available only in Spanish. Similarly, though IPR broke down its payments by specific concessions, it provided only a lump sum for the amount paid to the government. Lonmin in South Africa provided data for 2006 and 2007 but did not disaggregate taxes. Finally, for the two projects in Peru, the only country in the group party to EITI, one project (Maple Energy) had an active link, while the other (Pan American Energy) did not.

Clarity was another significant issue in reported data. For example, Lonmin provided data on its cash distributions. However, it was not clear which payments, other than the aggregate “government taxes,” were made to the government. The report also contained payments to “community projects” and “donations.” It is unclear whether any part of these social payments was directed to the government. For many companies, it was unclear whether the data referred to the total amount paid by that company to the government or only to the specific IFC project. This was complicated by the location of the data. In certain cases, the links went directly to government payment data. In others, the data was within larger company reports, making it more difficult to locate. Data contained within company reports was more limited than the data from companies with links to government payments alone.

These discrepancies among company data likely reflect a lack of clarity in IFC policy. The types of payments to be disclosed are not adequately specified, nor are the ways in which these payments should be broken down. The IFC has also failed to enforce its own reporting standards, as a third of the projects are still missing links on the website.

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Below is a summary of projects with links in place as of August 13, 2008. The data provided is taken from the company websites, linked on the IFC website. In some cases, the data has been reformatted for clarity. To see the original data, visit the company websites listed at the conclusion of each project summary or the IFC website given above.

## **Kappa Energy**

- Columbia, Oil and Gas
- Main production assets: Abanico oil field in the Upper Magdalena Valley and the Cerrito gas field in the Catatumbo Basin near the city of Cucuta.
- Headquarters: Bogotá, Colombia
- IFC Summary of Proposed Investment (disclosed May 2006):
  - National Hydrocarbon Agency publishes recent royalty and contract awards and terms on its website
  - Regional paid royalties are disclosed monthly in local newspapers
  - “Furthermore, to ensure transparency, all payments to the GOC will be publicly disclosed by Kappa in its website.”

### **2007 figures:**

For the year ending December 31, 2007  
US Million

Type of Payment	Paid To:	Regional Government	National Government	others	Total
License Fees (Environmental)		0.000	0.019		0.019
Royalties Paid		0.121			0.121
Income (Profits) taxes			1.474		1.474
Sales Tax (IVA)			0.274		0.274
Stamp Taxes		0.004			0.004
Technology Transfers			0.013		0.013
Superintendent of Companies			0.006		0.006
Others			0.006	0.000	0.006
<b>TOTAL PAYMENTS</b>		<b>0.125</b>	<b>1.792</b>	<b>0.000</b>	<b>1.917</b>

[http://www.kapparesourcescolombia.com/web/index.php?option=com\\_content&task=view&id=32&Itemid=53](http://www.kapparesourcescolombia.com/web/index.php?option=com_content&task=view&id=32&Itemid=53)

## **Cairn**

- India, Oil and Gas
- Main production assets: Rajasthan focus
- Shareholders: UK, Malaysian, IFC, and others
- IFC Summary of Proposed Investment Cairn India and Cairn India II (disclosed September 2006 and March 2008 respectively):
  - “The company has agreed to disclose publicly its payments to governments (including production sharing) at the state and national level.”

**2006 figures:**

Payments to Governments	India	Bangladesh	Total
Payment to Central Government (including state owned companies)			
Total profit oil and gas (\$'000)	157,034 (175,313)	43,160 (40,072)	200,194 (215,385)
Production bonuses (\$'000)	3,409 (5,568)	0 (0)	3,409 (5,568)
Corporation tax (\$'000)	8,762 (4,569)	0 (0)	8,762 (4,569)
PAYMENT TO STATE/LOCAL GOVERNMENT (\$'000)	0 (0)	0 (0)	0 (0)

Amounts shown represent payments made directly by the Group to governments. These exclude payments made by the contractor or by the licensee.

<http://www.cairn-energy.plc.uk/2006/CR/images/data.pdf>

**2007 figures:**

Page 35 of CSR report in supplementary data

Payments to Governments	India (\$'000)	Bangladesh (\$'000)	Nepal (\$'000)	Total (\$'000)
Total Profit oil and gas	155,033	12,160	–	\$'000
Production Bonuses (\$'000)	–	–	–	
Corporation tax (\$'000)	37,278	–	–	167,193
CESS and Royalties	20,273	–	–	–
Others	10,460	2,898	393	37,278
	223,044	15,058	393	238,495

[http://www.cairn-energy.plc.uk/2007/pdf/2007\\_Cairn\\_CRR.pdf](http://www.cairn-energy.plc.uk/2007/pdf/2007_Cairn_CRR.pdf)

**Maple Energy PLC**

- Peru, Oil and Gas
- Headquarters: Ireland-registered
- IFC Summary of Proposed Investment (disclosed June 2007)

**2007 figures:**

Disclosure of Payments to Local, Regional and Central Government Authorities (1)  
For the year ended December 31, 2007

Concept	US\$
Royalties	5,466,772
Taxes & Contributions	8,986,617
Other	666,832
Total	15,120,221

(1) In compliance with IFC Investment in Shares of Maple Energy plc - Letter of Undertaking dated June 25, 2007.

[http://www.maple-energy.com/downloads/IFC\\_Government\\_Payment\\_2007\\_Disclosure.pdf](http://www.maple-energy.com/downloads/IFC_Government_Payment_2007_Disclosure.pdf)

## **Petrotesting**

- Columbia, Oil and Gas
- Headquarters: Bogota, Colombia
- IFC Summary of Proposed Investment (disclosed January 2006):
  - “In addition Petrotesting discloses taxes paid to the government on its website.”
  - “IFC plans to monitor:
    - cashflows generated by Petrotesting’s operations and the revenue payments to governments in the form of taxes, royalties, and other remittances;”

### **2006 figures:**

Page 15, in Spanish (taxes and royalties)

	<b>2005</b>	<b>2006</b>	<b>Variación</b>
Impuestos (millones de \$)	6.349	4.554	-28,7%
Regalías (millones de \$)	29.694	33.150	11,6%

Also lists social investments:

<b>Evolución de recursos invertidos en las comunidades</b>	<b>2005</b>	<b>2006</b>	<b>Variación</b>
Inversión social en el 2006 (millones de \$)	529	832	57,3%
Jalonamiento de recursos e inversión tripartita (millones de \$)	1.240	2.7151	119,0%

<http://www.petrotesting.com.co/newsite/RSE/InformeGPCv5.pdf>

## **IPR**

- Egypt, Oil and Gas
- Headquarters: Texas, USA
- IFC Summary of Proposed Investment (disclosed November 2006):
  - “To ensure transparency, IPR has agreed to publish their annual payments to EGPC.”

### **2007 figures:**

**IPR TRANSOIL CORPORATION  
SUMMARY OF TAXES TO THE EGYPTIAN GOVERNMENT  
FOR CALENDAR YEAR 2007**

DESCRIPTION	AMOUNT PAID	
	IN EGYPTIAN POUNDS	IN EQUIVALENT US DOLLARS
ALAMEIN/YIDMA CONCESSION	43,729,277	7,679,184
NORTH BAHARIYA CONCESSION	54,324	9,534
EL DIYUR CONCESSION	750,585	131,797
<b>TOTAL PAID FOR CALENDAR YEAR 2007</b>	<b>44,534,186</b>	<b>7,820,515</b>

<http://iprgoc.com/tseggov07.html>

## **Lonmin**

- South Africa, Mining
- IFC Summary of Proposed Investment (disclosed October 2006):
  - “Lonmin will disclose all material tax and royalty payments in its annual report and accounts as required by statutory reporting authorities.”

### **2006 figures:**

- As of September 30, 2006
- Includes cash received for products, returns on investment, suppliers, borrowings cost, social capital, donations, directors remuneration, shareholders distribution, cash retained for sustainable growth, etc.
- For the government side, it includes government tax figures (aggregate) for 2006 and 2005.

<http://www.lonmin.com/main.aspx?pageId=22>

### **2007 figures:**

- As of September 30, 2007
- Like 2006 report except for the years 2006 and 2007

<http://www.lonmin.com/assets/pdf/Lonmin%20SDR%202007.pdf>