









# RWI Index Questionnaire: Kuwait 2012

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Indicator	Score
4.1.1	Context
4.1.1 Context	

## 4.1.1.050: Has the government created a special fund or natural resource fund that concentrates revenue directly from oil, gas or mineral extraction?

Score:  A  B  C

### Comments:

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via: [http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

Quote: "a. General Reserve Fund (GRF)

The GRF is the main treasurer for the Government and receives all revenues (including all oil revenues) from which all State budgetary expenditures are paid...

b. Future Generation Fund (FGF)

The FGF was created in 1976 by transferring 50% from the GRF at that time. In addition, 10% of all state revenues are transferred to the FGF on an annual basis and all investment income is reinvested...A special account shall be opened for creating a reserve which would be a substitute to the oil wealth "Future Generation Reserve" into which those amounts would be credited. "

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

Quote, pg 38: "Given the Kuwaiti government's large accumulations of currency reserves, any lack of development cannot be attributed to problems arising from a lack of revenue resulting from any weakness in the fiscal linkages... It is not known how much is in the reserve fund for future generations, and it is actually a criminal offence in Kuwait to reveal the magnitude of the fund. Whatever the precise number, it is likely to be extremely large relative to the size of Kuwait's economy."

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

Since "the percentage of oil revenues share to the total budgetary revenues is estimated to be about 91.9% while the non-oil revenues share is estimated at about 8.1% only" (pg 16), the oil revenue money is not dedicated to just one stream of social investment but rather is aggregated with other funds and 91.9% of national expenditure and saving is from oil revenue.

Quote, pg 17: "It is planned to credit K.D. 1267.9 million to the future generations reserve fund at the rate of 10% of the total revenues according to the provisions of law no. 106 of 1976 regarding the future generations reserve fund."

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait" Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

Quote: "But Kuwait, like a number of resource-rich countries, also saves a share of oil receipts in the form of a sovereign wealth fund, named the Reserve Fund for Future Generations (RFFG). Sovereign wealth funds are at heart also a component of distributional policy in that they distribute the benefits of today's oil revenues to future generations. ...The establishment of the General Reserve Fund (GRF) in 1960 was a first step that

marked the beginnings of Kuwait's foreign investment programme. Following the 1973 oil price hike and the resulting dramatic increase in revenues, Kuwait decided to lock away part of its annual oil revenues in the form of a Reserve Fund for Future Generations (RFFG), thereby ensuring the distribution of the country's current wealth to future, potentially post-oil generations. In 2005, the RFFG was estimated at KD35 billion or US\$114 billion (NBK 2001-9 (2005): 34).<sup>18</sup> In 1982, the government established the Kuwait Investment Authority (KIA), which holds stakes in big corporations such as DaimlerChrysler and BP, Citigroup (sold December 2009) and Merrill Lynch (sold September 2008; Financial Times, 19 November 2009, 7 December 2009).

Sovereign wealth funds such as the RFFG have two different fundamental purposes. The first, as the name suggests, is to save wealth for future generations, in anticipation of the exhaustion of oil reserves. A resource-rich but capital-poor, low productivity and low income country such as Nigeria or Bolivia might find that the best way to serve future generations is to invest most of their savings in human and physical capital at home, if they are able to do so effectively. For high income countries, however, where the capital-labour ratio is high, and where there is already sufficient investment in education, further domestic investment is likely to yield very low returns. In these cases, there is a strong incentive to seek higheryielding investments abroad.

The second purpose of a sovereign wealth fund is to act as a 'stabilization fund' to smooth incomes to oil producers in the face of highly volatile prices...In addition to this technical challenge, governments in need of finance have an incentive to over-estimate the long-run price in order to justify extracting funds in the short run, leading to unsustainable expenditures and long-run indebtedness. In the case of Kuwait, however, the fact that the country is saving so much wealth, in addition to attempting to smooth its income, implies that it is very unlikely to suffer from this problem."

#### References:

Kuwait Investment Authority  
<http://www.kia.gov.kw/En/Pages/default.aspx>

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via:  
[http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at:  
<http://en.mof.gov.kw/Ministerstatements.pdf>

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait" Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

#### 4.1.1.051: What authority is responsible for the natural resource fund?

Score: A B C **D** E

#### Comments:

"Organizational Structure Overview". Kuwait Investment Authority website. Accessible via:  
[http://www.kia.gov.kw/En/About\\_KIA/OrganizationalStructure/Org\\_Str\\_Overview/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/OrganizationalStructure/Org_Str_Overview/Pages/default.aspx)  
 The Kuwait Investment Authority is responsible for the GRF and FGF.

It was given this power through LAW NO.47 OF 1982, ESTABLISHING THE PUBLIC INVESTMENT AUTHORITY.

"Mission and Principles". Kuwait Investment Authority. Accessible via:  
[http://www.kia.gov.kw/En/About\\_KIA/Mission\\_Principles/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Mission_Principles/Pages/default.aspx)

What type of institution is the KIA?

From the website, <http://www.kia.gov.kw/En/Pages/default.aspx>, we can see: "The Kuwait Investment

Authority (KIA) is an autonomous government body responsible for the management and administration of the General Reserve Fund (GRF), and the assets of the Future Generations Fund (FGF), as well as any other funds entrusted to it by the Minister of Finance for and on behalf of the State of Kuwait. "

**References:**

<http://www.kia.gov.kw/En/Pages/default.aspx>



"Organizational Structure Overview". Kuwait Investment Authority website. Accessible via:  
[http://www.kia.gov.kw/En/About\\_KIA/OrganizationalStructure/Org\\_Str\\_Overview/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/OrganizationalStructure/Org_Str_Overview/Pages/default.aspx)

LAW NO.47 OF 1982, ESTABLISHING THE PUBLIC INVESTMENT AUTHORITY.  
"Mission and Principles". Kuwait Investment Authority. Accessible via:  
[http://www.kia.gov.kw/En/About\\_KIA/Mission\\_Principles/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Mission_Principles/Pages/default.aspx)

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Indicator		Score
4.2.1	Comprehensive reports	25 
4.2.2.056	Audited reports	17 

4.2.1 Comprehensive reports

## 4.2.1.052: Are the rules for the fund's deposits and withdrawals published, including the formula(s) for deposits and withdrawals?

Score:  A  B  C

### Comments:

Oil revenues are deposited into the Future Generation Reserve. The rules for deposits and withdrawals (prohibited) are published (see below).

"Balance of Payments of Kuwait\*" Kuwait Central Bank. 2012.

<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

Pg. 2: Loans provided from the Kuwait Fund are provided for 2009-2011.

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via:

[http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

Quote, "a. General Reserve Fund (GRF)

The GRF is the main treasurer for the Government and receives all revenues (including all oil revenues) from which all State budgetary expenditures are paid. The transfers from GRF to pay the State budgetary expenditures are sanctioned by law. The GRF also holds all government assets, including Kuwait's participation in public enterprises such as the Kuwait Fund for Arab Economic Development and Kuwait Petroleum Corporation, as well as Kuwait's participation in multilateral and international organizations such as the World Bank, IMF and Arab Fund.

Quote regarding the Future Generations Fund, "Article 3:

It is not permissible to reduce the rate stated in Article One of this Law, or to draw any amount from the Future Generations Reserve."

Law Decree No, 106 for the year 1976 concerning the Reserves for Future Generations:

Article 1:

An amount of 10% (ten per cent) shall be allocated from the State's General Revenues every year, as from the fiscal year 1976/1977 .

Article 2:

A special account shall be opened for creating a reserve which would be a substitute to the oil wealth "Future Generation Reserve" into which those amounts would be credited.

The Ministry of Finance shall employ these funds into investments, and the profits accruing therefrom shall go into this account.

And an amount of 50% (fifty percent) of the available State's General Reserve Fund is to be added to this account, when this Law comes into force."

### References:

<http://www.kia.gov.kw/En/Pages/default.aspx>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. 2012.  
<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via:  
[http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)  
Includes Law Decree No, 106 for the year 1976 concerning the Reserves for Future Generations:

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**4.2.1.053: Does the fund management or authority in charge of the fund publish comprehensive information on its assets, transactions and investments?**

**Score:** A B C  D E

**Comments:**

Internal, classified publication of this data is created, but it is not made accessible to the public; in fact, doing so would be against the law.

"Transparency and Disclosure of Information." Kuwait Investment Authority. Accessible via:  
[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Quote: "Law No. 47 of 1982 regarding the establishment of KIA has select clauses related to dissemination of information, as summarized below:

i. Clause 5 requires KIA to present a detailed report to the Council of Ministers on the Assets Under Management.

ii. Clause 8 prohibits generally the disclosure to the public of any information related to KIA's work.

iii. Clause 9 states the penalties for unauthorized disclosure of information to the public.

KIA makes annual closed door presentations on the full details of all funds under its management, including its Strategic Asset Allocation, benchmarks and rates of return to the council of ministers as well as to the national assembly."

**References:**

<http://www.kia.gov.kw/En/Pages/default.aspx>

"Transparency and Disclosure of Information." Kuwait Investment Authority. Accessible via:  
[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

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**4.2.1.054: Are the reports containing information on the fund's assets and transactions understandable?**

**Score:** A B C  D E

**References:**

<http://www.kia.gov.kw/En/Pages/default.aspx>

N/A; please see Question 3.2.2.053

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**4.2.1.055: How often are financial reports published by the fund management or authority in charge?**

**Score:** A B C  D E

**References:**

<http://www.kia.gov.kw/En/Pages/default.aspx>

N/A; please see Question 3.2.2.053

#### 4.2.2.056 Audited reports

---

##### 4.2.2.056a: Are the fund s financial reports audited?

**Score:** A B  C D E

**Comments:**

It is not clear from the below whether it is an independent or internal auditor being hired for to audit the resource funds' accounts:

"Mission and Principles". Kuwait Investment Authority. Accessible via:

[http://www.kia.gov.kw/En/About\\_KIA/Mission\\_Principles/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Mission_Principles/Pages/default.aspx)

According to LAW NO.47 OF 1982, ESTABLISHING THE PUBLIC INVESTMENT AUTHORITY, Article 11:

"The Board of directors shall prescribe the annual accountancy rules and procedures.

The advance audit regulations stipulated in the referenced Law No. 30 of 1964, Shall not apply to the works of the Authority, but this is without prejudice to the powers of the Audit Bureau to examine the Authority's account without interference in the conduct of its functions or policy.

The Authority shall have one or more auditor who shall be from the certified accountants and the Board of Directors shall appoint him, upon the nomination by the Minister of Finance, and determine his fees, and he is to audit the accounts of the fiscal year for which he is appointed."

**References:**

<http://www.kia.gov.kw/En/Pages/default.aspx>

"Mission and Principles". Kuwait Investment Authority. Accessible via:

[http://www.kia.gov.kw/En/About\\_KIA/Mission\\_Principles/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Mission_Principles/Pages/default.aspx)

According to LAW NO.47 OF 1982, ESTABLISHING THE PUBLIC INVESTMENT AUTHORITY, Article 11:

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##### 4.2.2.056b: Are the audited financial reports published?

**Score:** A  B C

**Comments:**

N/A; please see Question 3.2.2.053. The reports are published for internal review only and are not available to the public.

**References:**


<http://www.kia.gov.kw/En/Pages/default.aspx>

Question 3.2.2.053

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Indicator	Score
4.3.1 Legal Framework and Practice	0 

## 4.3.1 Legal Framework and Practice

### 4.3.1.057: Are the rules governing deposits into the fund defined by legislation?

Score: A  B C

**Comments:**

The rule governing deposits into the fund is derived from an executive decree.

See "About KIA, Overview of Funds" information on the GRF quoted in 3.2.2.052.

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Mission\\_Principles/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Mission_Principles/Pages/default.aspx)

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via:  
[http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

### 4.3.1.058: In practice, does the government follow the rules governing deposits to the natural resource fund?

Score: A B C  D E

**Comments:**

A lack of published materials regarding the financial standing each year of the funds makes assessing this more difficult (please see Question 3.2.2.053).

The annual reports of the SOCs do not show information about deposits to funds.

The national budget references to the decree-mandated percentage deposited into the national funds, but does not show the actual amount deposited.

I did not come across any indications that these rules have been transgressed.

**References:**

No information available.

Question 3.2.2.053

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>



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**4.3.1.059: Are the rules governing withdrawal or disbursement from the fund defined by legislation?**

Score: A  B C

**Comments:**

Withdrawals from the Future Generations Reserve are not allowed. This rule is defined, but only by executive decree.

See "About KIA, Overview of Funds" on the GRF, quoted in 3.2.2.052.

Quote regarding the Future Generations Fund, "Article 3: It is not permissible to reduce the rate stated in Article One of this Law, or to draw any amount from the Future Generations Reserve."

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Mission\\_Principles/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Mission_Principles/Pages/default.aspx)

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via: [http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

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**4.3.1.060: In practice, does the government follow the rules governing withdrawal or spending from natural resource fund?**

Score: A B C  D E

**References:**

No information about rules available.

Question 3.2.2.053

---

**4.3.1.061: Are withdrawals or spending from the fund reserves approved by the legislature as part of the budget process?**

Score: A  B C

**Comments:**

Withdrawals from the Future Generations Fund are not allowed according to decree of creation in principle. However the lack of publicly available information about the fund makes it impossible to establish with certainty the process followed.

**References:**

No public information available.

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via: [http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via: [http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

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**4.3.1.062: Are officials of the natural resource fund required to disclose information about their financial interest in any oil, gas or mining projects?**

Score: A  B C

**Comments:**

The Board of Directors of the Kuwait Investment Authority includes the Minister of Oil. No information discussing such a requirement can be found via the KIA's website or a general Google search.

**References:**

No public information available.

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Indicator	Score
5.1.1	Context
5.1.1 Context	

## 5.1.1.063: Do central governments transfer resources to subnational authorities based on extraction of mineral resources?

Score: A B C **D** E

### Comments:

There are no sub-national transfers within Kuwait. There are governorates and districts, however.

<http://en.wikipedia.org/wiki/Kuwait#Governorates> - establishes that there is some degree of sub-national government.

However, allocations to governorates/districts are not mentioned in the national budget or other publications by the Ministry of Finance, including:

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

<http://en.mof.gov/kw>

### References:

Wikipedia. "Kuwait - Governorates." <http://en.wikipedia.org/wiki/Kuwait#Governorates>

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

Ministry of Finance complete website. <http://en.mof.gov/kw>

## 5.1.1.064: Are conditions imposed on subnational government as part of revenue sharing regime?

Score: A B **C**

### References:

no info

Question 3.3.1.063

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Indicator	Score
5.2.1	Disclosure

5.2.1 Disclosure

**5.2.1.065: Are the rules for revenue transfers from central to sub national governments published, including the formula(s) for revenue sharing?**

Score: A B **C**

References:

no info

question 3.3.1.063.

**5.2.1.066: Does the central government publish comprehensive information on transfers of resource related revenues to sub-national governments?**

Score: A B C D **E**

References:

No public information available.

question 3.3.1.063.

**5.2.1.067: Are the reports containing information on transfers of resource related revenues to sub-national governments understandable?**

Score: A B C D **E**

References:

No information available.

question 3.3.1.063.

**5.2.1.068: How often does the central government publish information on transfers of resource related revenues to sub-national governments?**

Score: A B C D **E**

References:

No information available.

question 3.3.1.063.

---

**5.2.1.069: Do sub-national governments publish information on transfers received from central governments?**

**Score:** A B **C**

**References:**

No information available.

question 3.3.1.063.

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Indicator	Score
5.3.1 Legal Framework and Practice	N/A

## 5.3.1 Legal Framework and Practice

### 5.3.1.070: Are arrangements (including formulas and responsible institutions) for resource revenue sharing between central and sub-national governments defined by legislation?

Score: A B **C**

**References:**

No information available.

question 3.3.1.063.

### 5.3.1.071: In practice, does the government follow the rules established by resource revenue sharing legislation?

Score: A B C D **E**

**References:**

no info

Question 3.3.1.063

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# Kuwait - RWI Index Questionnaire

## Context

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Indicator	Score
1.1	Context
1.1	Context

### 1.1.001: Does the country have a clear legal definition of ownership of mineral resources?

Score:  A  B  C  D  E

#### Comments:

Article 21 of the Kuwaiti constitution:

"Natural resources and all revenues therefrom are the property of the State. It shall ensure their preservation and proper exploitation, due regard being given to the requirements of State security and the national economy."

In addition to the Article mentioned above, third-party analysis can be found in the following:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

Quote, pg 58: "Under the Kuwaiti Constitution, all natural resources, including oil are owned by the State. The State alone has the right to exploit, utilize, and safeguard those resources (Article 21). The right to concessions and/or monopolies for the exploitation of Kuwait's natural resources, including oil, may only be created by virtue of a law and for a limited time only (Article 152 and 153). According to Kuwait's Foreign Investment Law No. 8 of 2001, a foreign investor may carry out economic activities in industries other than oil and gas exploration and production (Chapter II(3)(i))."

Context information:

Kuwait is the eleventh-largest oil producer in the world; in the Arab world, it is the third-largest, after Saudi Arabia and the UAE. Petroleum accounts for nearly half of GDP, 95 percent of export revenues, and 95 percent of government income. It furthermore has the world's fifth-largest oil reserves. (CIA World factbook: <https://www.cia.gov/library/publications/the-world-factbook/geos/ku.html>)

#### References:

Article 21 of the Kuwaiti constitution:

[http://www.pm.gov.kw/en/state\\_Of\\_Kuwait/kuwaitConstitution.jsp](http://www.pm.gov.kw/en/state_Of_Kuwait/kuwaitConstitution.jsp)

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

### 1.1.002: Who has authority to grant hydrocarbon and mineral rights or licenses?

Score:  A  B  C  D  E

#### Comments:

No licenses granted, as KPC holds sole concession and the constitution places specific restrictions in this respect. Granting such a license would require a law which would in turn involve Parliament. KPC and its subsidiaries do grant contracts to foreign service contractors in the upstream oil sector.

Quote, pg 57-58: "The KPC [Kuwait Petroleum Corporation], established in 1980, is the main operational entity responsible for Kuwait's hydrocarbon interests throughout the world. It is a state-owned holding corporation of ten specialized subsidiaries in Kuwait and worldwide, encompassing all aspects of the hydrocarbon industry (Table IV.1). Although state-owned, the KPC is run by an independent management team and Board of Directors.

KPC and its subsidiary companies benefit from certain exclusive concessionary rights and privileges in the oil and gas subsector. For example, downstream petroleum activities (i.e. processing of crude oil to fuel) are fully controlled and owned by KNPC, while the exploration and production of natural gas are the sole responsibility of KOC"

The source further lists on page 58 two subsidiaries of the KPC that are responsible for foreign upstream and extraction operations (Kuwait Foreign Petroleum Exploration Company (KUFPEC)) and foreign downstream operations (Kuwait Petroleum International (KPI)).

Quote, pg. 58: "In partnership with international oil companies (IOCs), "Project Kuwait" was set up under the auspices of the Oil Development Company in the early 1990s to help meet KPC's strategic objectives. This partnership between Kuwait and IOCs was reflected in an Operating Service Agreement (OSA). Under the OSA and consistent with the Kuwaiti Constitution, Kuwait retains full ownership of petroleum production, reserves, and revenue; and strategic management of the ventures. The OSA does not involve production sharing, concessions, or the "booking" of reserves by IOCs. However, the IOC maintains control over the operational management; acts as a contractor or service provider, and employs a set quota of 30% of Kuwaiti labour. In addition, the IOC incurs 100% of the capital and operating costs and is paid in return a per-barrel fee, along with allowances for capital recovery and incentive fees for increasing reserves. So far and in the oil upstream subsector, KOC has only managed in 2007 to sign a memorandum of understanding with Exxon-Mobil to produce heavy crude oil. However, an OSA was signed recently with Royal Dutch Shell to develop natural gas."

Quote, pg. 59-60: "Procurement by oil companies is generally excluded from the Public Tenders Law and the regulatory controls of the Central Tenders Committee (CTC). However, for the three oil companies – KOC, KNPC, KOTC and the Petrochemical Industries Company (PIC), procurements of KD 5 million and above and /or where there is a variation by more than 10% of the contact value, must be managed by the CTC under the Public Tenders Law... Downstream petroleum activities (i.e. the processing of crude oil to fuel) are fully controlled and owned by the Kuwait National Petroleum Company (KNPC), a subsidiary of KPC. "

#### References:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tp358_e.htm)

### 1.1.003: What licensing practices does the government commonly follow?

Score:  A  B  C  D  E

#### Comments:

"KOC Policies and Regulations for Contracts". Kuwait Oil Company. Accessible via:

<http://mcsetender.kockw.com/Commercial%20Documents/standards/KOC%20POLICY.pdf>

The websites of SOCs offer concrete information as to how subcontracts are set up. A handful of SOCs (listed here:<http://www.kpc.com.kw/AboutKPC/Oursubsidiaries/default.aspx>) operate in Kuwait under the direction of the Kuwait Petroleum Corporation. These companies subcontract out services.

Pg. 5: "KOC's policy is to seek out competitive tenders from suitable, competent and independent contractors unless clear and acceptable justification can be made for single tender action or for direct negotiation with a single contractor."

Pgs 11-12 describe the various types of contracts that might be used. It describes sole-source contracts, but these are included in competitive systems as a rare mechanism to allow for contracting in situations where competing bids is not feasible. The majority of mechanisms cited are competitive processes, such as the RFP process.

Pg. 13 and pg 27: "Bids Opening Committee is delegated by the KOC Tender Committee and shall convene weekly to open bids received in sealed envelopes, for tenders with estimates between KD 1,000 and KD 5 Million."

The rest of the document reflects details of a competitive procurement process, specifying the parameters against which is it judged (generally the parameters specified in the RFP).



See previous quotations from the WTO's "Trade Policy Review."

**References:**

"Our Subsidiaries". Kuwait Petroleum Corporation website.  
<http://www.kpc.com.kw/AboutKPC/Oursubsidiaries/default.aspx>

"KOC Policies and Regulations for Contracts". Kuwait Oil Company. Accessible via:  
<http://mcsetender.kockw.com/Commercial%20Documents/standards/KOC%20POLICY.pdf>

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tp\\_r\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tp_r_e/tp358_e.htm)

**1.1.004: What is the fiscal system for mineral resources?**

**Score:** A B  C D E

**Comments:**

The SOC enters into OSAs with IOCs. In addition to the various types of contracts/negotiations that SOCs may enter into with third parties, the SOCs themselves operate under concessions from the government:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tp\\_r\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tp_r_e/tp358_e.htm)  
 Quote, pg. 58: "In partnership with international oil companies (IOCs), "Project Kuwait" was set up under the auspices of the Oil Development Company in the early 1990s to help meet KPC's strategic objectives. This partnership between Kuwait and IOCs was reflected in an Operating Service Agreement (OSA). Under the OSA and consistent with the Kuwaiti Constitution, Kuwait retains full ownership of petroleum production, reserves, and revenue; and strategic management of the ventures. The OSA does not involve production sharing, concessions, or the "booking" of reserves by IOCs. However, the IOC maintains control over the operational management; acts as a contractor or service provider, and employs a set quota of 30% of Kuwaiti labour. In addition, the IOC incurs 100% of the capital and operating costs and is paid in return a per-barrel fee, along with allowances for capital recovery and incentive fees for increasing reserves. So far and in the oil upstream subsector, KOC has only managed in 2007 to sign a memorandum of understanding with Exxon-Mobil to produce heavy crude oil. However, an OSA was signed recently with Royal Dutch Shell to develop natural gas."

**References:**

"RFP 1508 Tender Documents Attachment 1". (Attached)

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tp\\_r\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tp_r_e/tp358_e.htm)

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait"  
 Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011. p. 4.

**1.1.005: What agency has authority to regulate the hydrocarbon and mineral sector?**

**Score:** A B C D  E

**Comments:**

The Ministry of Oil and the Supreme Petroleum Council share regulatory responsibilities. Sources disagree as to which plays a greater role (and oversight appears to be compromised by political infighting, see below), so this indicator has been scored N/A.

According to Stevens in "Oil Governance," "In practice the SPC and the ministry share regulatory oversight. The SPC, as shareholder, is the most effective institution overseeing KPC...In short, there is no clear regulatory strategy and the result is a degree of chaos that inhibits KPC's operational effectiveness." (p. 365)

However, according to the WTO document quoted below, the Ministry is the main regulator: "TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)  
Quote, pg. 57: "The Supreme Petroleum Council (SPC) is the highest policy body that oversees Kuwait's overall petroleum and gas sector. The Council sets general oil and gas policy within the framework of the national economic and social development plan; it is chaired by the Prime Minister and meets at least four times a year. The Ministry of Oil is the main regulator of the oil and gas sector and exercises policy-making powers in conjunction with the SPC. The Minister of Oil oversees the Kuwait Petroleum Corporation (KPC), chairs its Board of Directors, and is a member of the Supreme Petroleum Council."

"Decree No. 78 of 2007 About the Ministry of Oil" Ministry of Oil website at : <http://www.moo.gov.kw/Default.aspx?pageId=207>

Quote: "The ministry responsible for the following matters:

- Proposing the general policy of the oil and gas sector and follow up their implementation.
- Supervising the operating units in the oil and gas and direct the state rights in it, and managing the government shares in companies that works in this field, and assist the Supreme Petroleum Council in the performed tasks and supervision of the implementation of its decisions.
- Cooperation with governmental bodies and institutions in the related matters in the oil wealth sector.
- Doing the geological researches and supervise the exploration of natural resources in the areas of crude oil and natural gas."

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

Quote, pg. ii: "Authority over the oil sector is dispersed, with an unclear division of responsibility. This means that the NOC lacks clear and stable objectives. Political influence sometimes leads to the hiring of relatively inexperienced managers. The NOC has limited financial incentive to reduce costs. A weak institutional framework and lack of incentives have prevented Kuwait from meeting its formal targets for capacity expansion. Downstream, domestic supply matches demand, but the sector structure has clearly affected the efficiency of resource allocation (as in the case of natural gas use). The private sector was envisaged as playing a role both upstream (Project Kuwait) and downstream (in the privatization of refining activities). Decisions regarding private sector entry have, however, been limited to some technical assistance upstream and privatization of peripheral activities downstream."

Pg. 31 – Chart of organization of the Kuwaiti petroleum sector, showing the KPC Board oversees all subsidiaries, whereas the Supreme Petroleum Council and Ministry of Energy are supposed to oversee the KPC , but have few methods by which to do so.

How the various petroleum sector players in Kuwait interact is complex and confusing.

At the start of the 1970s, the Ministry of Oil played a major role, with direct contact with privately owned operators. At the time, the Kuwait Oil Company (KOC) was owned by British Petroleum (BP) and Gulf. In 1973, Law 19 charged the ministries of finance and oil with the authority to inspect the operating companies. In 1974, the SPC was formed, chaired by the prime minister and including nine nongovernmental members. Its function was to draw up general petroleum policy for the sector. In 1975, the KOC was nationalized and the Ministry of Oil was created as a separate entity. The KPC was created in 1980 by a public law (Law 6 of 1980) to act as a holding company for the already-existing subsidiaries governed by commercial company law (including KOC, the company in charge of upstream). In 2000, the SPC formed three subcommittees to oversee strategic, technical, and financial aspects of the sector. These were intended to deal with major new initiatives including performance evaluation, the development of a strategic vision for 2020, and the restructuring and commercialization of the whole sector.

Quote, pg. 33: "The sector urgently needs restructuring and new regulations to clarify the roles and responsibilities of the various players—that is, who has control over whom and what. The problem is being addressed at the highest level of government and the sector, and efforts are underway to resolve the issues. While delivery on geology and development has been problematic in the past, the sheer size of the revenue vis-à-vis the size of the Kuwaiti population has kept this from being a key issue. Prospects for future delivery would improve if the regulatory environment were clarified.

2.10 A major problem is that the sector receives limited protection from outside interference—

particularly from members of the National Assembly—in decisions affecting sector operations. This is particularly true of employment and promotion, in which “patrons” are seeking to promote the interests of their “clients.” Interference is also common in project location, with National Assembly members attempting to promote the interests of their constituents.

2.11 As for monitoring and oversight, the KPC produces an annual report that, by the standards of many national oil companies (NOCs), is quite detailed. The KPC also produces an audited set of accounts. Furthermore, because of pressure from the National Assembly, considerable amounts of material are disclosed, generally not on a consistent or regular basis, but rather in response to specific requests from National Assembly members and their committees. The KPC’s overseas operations are not as well-documented, raising the suspicion that investments outside of Kuwait are carried out to deepen the information asymmetries between the principal and the agent.”

Pg. 35: “A major problem facing the sector relates to the role of the minister. As chair of the KPC, the minister has veto power over all KPC decisions. Once something has been decided and agreed on by the KPC board, which is chaired by the minister, the minister can unilaterally reverse the decision. Because the minister’s office is a political appointment, and senior managers of the KPC are technocrats, there is significant tension especially in cases when the minister has limited knowledge of the oil industry. Since 1991, there have been 11 different ministers appointed, submitting the KPC to the risks of inconsistent strategy.”

Pg. 38-39: “. . . we abide by performance indices that we monitor every three months with international companies, and we have clear strategic plans. But the difference between us and commercial companies is the existence of many obstacles as exemplified by external supervisory measures imposed by bureaucracies outside KPC. In the end, we find it difficult working as a commercial establishment in the true sense of the word because of these outside restraints. For example, in approving the KPC budget we have to go through several stages. We begin the budgetary procedures in September and we end in July the following year. We start by presenting a draft budget to the KPC board, then it goes to the specialized committee of the Supreme Petroleum Council, to the Ministry of Oil, to the Ministry of Finance, then to the Budgetary Committee of the National Assembly, and then to parliament itself. Whereas approving the budget of a commercial company requires nothing more than the draft budget being presented to the board, that is, one stage only, our budget takes nine months to get approval. Frankly, it takes KPC executives a long time to carry out a task which other institutions can complete in a much shorter time. We tell those who monitor our work: if you want KPC to act as a commercial organization, then give it the flexibility and authority it needs. When we compare ourselves with Gulf and international companies we find that their rules are different from ours.”

### References:

Paul Stevens, "Oil and Governance: State-Owned Enterprises and the World Energy Supply," Edited by David G. Victor, 2012. pp. 334-378.

Investing in Oil in the Middle East and North Africa.” World Bank, August 2007.

“TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT” World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tp\\_r\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tp_r_e/tp358_e.htm)

“Decree No. 78 of 2007 About the Ministry of Oil” Ministry of Oil website at : <http://www.moo.gov.kw/Default.aspx?pageId=207>

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# Kuwait - RWI Index Questionnaire

## Disclosure

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Indicator	Score
1.2.006 Information on licensing process	67 
1.2 Contract transparency	0 
1.2.008 Environmental and social impact assessments	25 
1.2 Access to information and legislation	34 

1.2.006 Information on licensing process

### 1.2.006.a: What information does the government publish on the licensing process before negotiations?

Score:  A  B  C  D  E

#### Comments:

Contracts between SOCs and third-party companies:

"KOC Policies and Regulations for Contracts". Kuwait Oil Company. Accessible via:

<http://mcsetender.kockw.com/Commercial%20Documents/standards/KOC%20POLICY.pdf>

Pgs 11-12 describe the various types of contracts that might be used. It describes sole-source contracts, but these are included in competitive systems as a rare mechanism to allow for contracting in situations where competing bids is not feasible. The majority of mechanisms cited are competitive processes, such as the RFP process.

Pg 18-19 describe what must be included in the contract requisition, such as an RFP. This includes duration, description of procedure for award. Royalties are not stated, but they do not seem to apply based on the type of contract.

TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm) Quote, pg. 58:, previously cited.

#### References:

"KOC Policies and Regulations for Contracts". Kuwait Oil Company. Accessible via:

<http://mcsetender.kockw.com/Commercial%20Documents/standards/KOC%20POLICY.pdf>

TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

### 1.2.006.b: What information does the government publish on the licensing process after negotiations?

Score:  A  B  C  D  E

#### Comments:

For SOC subcontracts:

"KOC Policies and Regulations for Contracts". Kuwait Oil Company. Accessible via:

<http://mcsetender.kockw.com/Commercial%20Documents/standards/KOC%20POLICY.pdf>

The websites of SOCs offer concrete information as to how subcontracts are publicized. A handful of SOCs (listed here: <http://www.kpc.com.kw/AboutKPC/Oursubsidiaries/default.aspx>) operate in Kuwait under the direction of the Kuwait Petroleum Corporation. These companies subcontract out services.

"Signed Contracts March 2012" Kuwait Petroleum Company.

[http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW\\_ARCHIVES.pdf](http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW_ARCHIVES.pdf)

This sub-site of the KPC main site shows information on signed contracts from March 2012, including contract number, contract title, contractor, original contract value, signature date and controlling team. However, the full contracts and its terms are not published.

Contracts are archived here:

[http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW\\_ARCHIVES.pdf](http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW_ARCHIVES.pdf)

**References:**

<http://www.kpc.com.kw/default.aspx>

"Signed Contracts March 2012" Kuwait Petroleum Company.

[http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW\\_ARCHIVES.pdf](http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW_ARCHIVES.pdf)

"Archives" Kuwait Petroleum Company.

[http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW\\_ARCHIVES.pdf](http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW_ARCHIVES.pdf)

## 1.2 Contract transparency

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### 1.2.007: Are all contracts, agreements or negotiated terms for exploration and production, regardless of the way they are granted, disclosed to the public?

**Score:** A B C **(D)** E

**Comments:**

See previous comment.

Contracts are not published on the subcontractors' websites. For example, Shell Kuwait does not publish the contract and conditions:

[http://www.shell.com/home/content/kwt/aboutshell/media\\_centre/news\\_and\\_media\\_releases/archive/2010/technical\\_gas\\_field\\_17022010.html](http://www.shell.com/home/content/kwt/aboutshell/media_centre/news_and_media_releases/archive/2010/technical_gas_field_17022010.html)

**References:**

<http://www.kpc.com.kw/default.aspx>

"Signed Contracts March 2012" Kuwait Petroleum Company.

[http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW\\_ARCHIVES.pdf](http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW_ARCHIVES.pdf)

Contracts are archived here:

[http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW\\_ARCHIVES.pdf](http://mcsetender.kockw.com/Commercial%20Documents/contract/files/NEW_ARCHIVES.pdf)

"Shell To Provide Technical Support In Kuwait Gas Field Development". Shell Kuwait. Feb 17 2010.

[http://www.shell.com/home/content/kwt/aboutshell/media\\_centre/news\\_and\\_media\\_releases/archive/2010/technical\\_gas\\_field\\_17022010.html](http://www.shell.com/home/content/kwt/aboutshell/media_centre/news_and_media_releases/archive/2010/technical_gas_field_17022010.html)

### 1.2.008 Environmental and social impact assessments

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**1.2.008.a: Does legislation require that mining, gas and oil development projects prepare an environmental impact assessment prior to the award of any mineral rights or project implementation?**

Score: (A) B C

**Comments:**

According to Law No. 21/1995, Amended by Law No. 16/1996 Concerning the Establishment of the Environment Public Authority, Articles 2 and 4, EIAs are required before work on a project can begin, and authorities are "entitled" to grant licenses based on the approval of the Environmental Public Authority (EPA). Article 4 sets out what EIAs must contain.

**References:**

Law No. 21/1995, Amended by Law No. 16/1996 Concerning the Establishment of the Environment Public Authority (Environmental Requirements and Standards in the State of Kuwait, Articles 2 and 4.  
<http://www.epa.org.kw/index.php/en/dept-peiad-about-us>

<http://www.kpc.com.kw/HealthSafetyEnvironment/default.aspx>

"Oil Documents". Ministry of Oil [Kuwait]. No publication date. Available at:  
[http://www.moo.gov.kw/Data/Site1/pdf/book\\_naft.pdf](http://www.moo.gov.kw/Data/Site1/pdf/book_naft.pdf)

Petroleum wealth resources conservation law regulations NO.19 of year 1973 of the Ministry of Energy (Oil)

The "Law No. 19 Of The Year 1973 Concerning The Conservation Of Petroleum Resources" as listed on the Ministry of Oil website at <http://www.moo.gov.kw/Default.aspx?pageId=48>

"Safety And Environment In The Petroleum Industry": <http://www.moo.gov.kw/facts/en/index.asp?More=yes&NewsID=37&mode=0&day=2&page=4>

"Environment & Society" Shell Kuwait [http://www.shell.com/home/content/kwt/environment\\_society/](http://www.shell.com/home/content/kwt/environment_society/)

**1.2.008.b: Are environmental impact assessments for oil, gas and mining projects published by the authority in charge of regulating the sector and is there a consultation process?**

Score: A B C (D) E

**Comments:**

The Environmental Public Authority (EPA) does not publish EIAs, nor is there any reference there to EIAs being published.

The Supreme Petroleum Council no longer has a functioning website and it does not publish EIAs nor provide information about consultation processes with the community and government about environmental issues.

The Ministry of Oil does not publish these reports on its website: <http://www.moo.gov.kw>

The Kuwait Petroleum Company does not publish these reports on its website: <http://www.kpc.com.kw>

The companies themselves, such as Shell Kuwait, do not publish such reports on their websites: [http://www.shell.com/home/content/kwt/environment\\_society/](http://www.shell.com/home/content/kwt/environment_society/)

**References:**

EPA website: <http://www.epa.org.kw/index.php/en/dept-peiad-about-us>

<http://www.kpc.com.kw/HealthSafetyEnvironment/default.aspx>

The Ministry of Oil website: <http://www.moo.gov.kw>

Kuwait Petroleum Company website: <http://www.kpc.com.kw>

"Environment & Society". Shell Kuwait: [http://www.shell.com/home/content/kwt/environment\\_society/](http://www.shell.com/home/content/kwt/environment_society/)

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**1.2.008.c: Does legislation require that mining, gas and oil development projects prepare a social impact assessment?**

**Score:** A  B C

**Comments:**

The KPC does not mention SIAs on its website at <http://www.kpc.com.kw/HealthSafetyEnvironment/default.aspx>

"Oil Documents". Ministry of Oil [Kuwait]. No publication date. Available at: [http://www.moo.gov.kw/Data/Site1/pdf/book\\_naft.pdf](http://www.moo.gov.kw/Data/Site1/pdf/book_naft.pdf)  
Legislation impacting the oil sector is published in this document. It does not list legislation requiring EIAs or SIAs.

The Ministry of Oil website does not discuss SIAs in its page "Safety And Environment In The Petroleum Industry": <http://www.moo.gov.kw/facts/en/index.asp?More=yes&NewsID=37&mode=0&day=2&page=4> , nor elsewhere on its website at <http://www.moo.gov.kw>

The Kuwait Petroleum Corporation does not mention such a requirement: <http://www.kpc.com.kw>

Nor subcontractors such as Shell Kuwait: [http://www.shell.com/home/content/kwt/environment\\_society/](http://www.shell.com/home/content/kwt/environment_society/)

**References:**

<http://www.kpc.com.kw/HealthSafetyEnvironment/default.aspx>

"Oil Documents". Ministry of Oil [Kuwait]. No publication date. Available at: [http://www.moo.gov.kw/Data/Site1/pdf/book\\_naft.pdf](http://www.moo.gov.kw/Data/Site1/pdf/book_naft.pdf)

"Safety And Environment In The Petroleum Industry": <http://www.moo.gov.kw/facts/en/index.asp?More=yes&NewsID=37&mode=0&day=2&page=4>

"Environment & Society" Shell Kuwait [http://www.shell.com/home/content/kwt/environment\\_society/](http://www.shell.com/home/content/kwt/environment_society/)

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**1.2.008.d: Are social impact assessments for oil, gas and mining projects published and is there a consultation process?**

**Score:** A B C  D E

**Comments:**

The Supreme Petroleum Council no longer has a functioning website and it does not publish SIAs nor provide information about consultation processes with the community and government about environmental issues.

The Ministry of Oil does not publish these reports on its website: <http://www.moo.gov.kw>

The Kuwait Petroleum Company does not publish these reports on its website: <http://www.kpc.com.kw>

The companies themselves, such as Shell Kuwait, do not publish such reports on their websites: [http://www.shell.com/home/content/kwt/environment\\_society/](http://www.shell.com/home/content/kwt/environment_society/)

**References:**

<http://www.kpc.com.kw/HealthSafetyEnvironment/default.aspx>

FORMER ANSWER:

<http://www.kpc.com.kw/HealthSafetyEnvironment/default.aspx>

NEW ANSWER:

The Regulatory Agencies are the Supreme Petroleum Council and the Ministry of Oil. The KPC regulates SOCs that contract with third parties, such as Shell.

The Ministry of Oil website: <http://www.moo.gov.kw>

The Kuwait Petroleum Company website: <http://www.kpc.com.kw>

Shell Kuwait website [http://www.shell.com/home/content/kwt/environment\\_society/](http://www.shell.com/home/content/kwt/environment_society/)

## 1.2 Access to information and legislation

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### 1.2.009: Does the government publish detailed mineral/hydrocarbon resource legislation?

Score: A  B  C  D  E

**Comments:**

There are numerous items of legislation published that impact or relate specifically to the extractive sector. However, this legislation does not generally state quantitative rules, such as fixing a ceiling for fee payment to subcontractors. It more often includes an outline of principles that should guide the sector, such as Kuwaitization, national priority, etc.

"Oil Documents". Ministry of Oil [Kuwait]. No publication date. Available at:

[http://www.moo.gov.kw/Data/Site1/pdf/book\\_naft.pdf](http://www.moo.gov.kw/Data/Site1/pdf/book_naft.pdf)

Legislation related to the oil sector is published in this document. It is a comprehensive listing of all relevant laws, questions/replies (part of formal debate) raised in Parliament, and project plans, as well as the text of some national agreements and SOC registrations.

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

Quote pg. viii : "FDI inflows, on the other hand, are still relatively low. This is explained by strict limitations in the past on the sectors in which foreigners could invest, a relatively complex business environment (e.g. extensive licencing procedures, red tape, and out-of-date laws and regulations), and by corporate income tax that is applied only on profits made by foreign companies. Thus, a possible amendment to its 2001 Foreign Investment Law is being evaluated, inter alia, to set up a "one-stop shop" for foreign investors. The Government's intention to encourage more foreign investment is demonstrated by the recent decision to allow foreign partnership, for the first time, in the development of Kuwait's energy resources, specifically natural gas production, which aims to facilitate the acquisition of the technology and know-how necessary to exploit these resources more effectively. An important economic and social challenge, according to the authorities, is for Kuwait to provide more employment opportunities for its citizens. The "Kuwaitization" programme is being implemented to help scale-back reliance on the public sector to absorb domestic labour and encourage more Kuwaitis to seek and find employment opportunities in the private sector. Nonetheless, public sector wages and benefits remain very attractive."

**References:**

see Kuwaiti Constitution

"Oil Documents". Ministry of Oil [Kuwait]. No publication date. Available at:

[http://www.moo.gov.kw/Data/Site1/pdf/book\\_naft.pdf](http://www.moo.gov.kw/Data/Site1/pdf/book_naft.pdf)

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World trade Organization.



Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

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**1.2.010: This country has adopted a rule or legislation that provides for disclosure of information in the oil, gas and mineral sectors.**

**Score:** A B C  D E

**Comments:**

There is no specific law regarding Freedom of Information. This information was established after careful analysis of government websites listed in this questionnaire and a targeted Google search. Although a law was drafted by an advocacy group in 2007 (see attached), this was not adopted.

**References:**


"Status of Freedom of Information Legislation in the Arab World". Said Almadhoun, fellow, Open Society Justice Initiative. February 6, 2010 (attached)

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# Kuwait - RWI Index Questionnaire

## Legal Framework and Practices

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Indicator	Score
1.3 Legal Framework and Practices	27 

### 1.3 Legal Framework and Practices

**1.3.011: The authority in charge of awarding licenses or contracts for mineral or hydrocarbon production is independent of the state owned company (SOC) or other operating companies.**

**Score:** A  B C

**Comments:**

See comment for question 2.

**References:**

<http://www.kpc.com.kw/default.aspx>

**1.3.012: Is the licensing process intended to be open and competitive to all qualified companies?**

**Score:** A  B C D E

**Comments:**

LAW NO. 37 1964 GOVERNING PUBLIC TENDERS, Modified by the law NO. 18/70 and Law No. 81/77" 1999. <http://www.lq8.net/tenders/englaw.htm> "ARTICLE (5)

A tenderer participating in public tenders shall have to meet with the following prerequisites:

1. He shall have to be Kuwait merchant-whether and individual or a firm-registered with Kuwait Commercial Registry and Kuwait Chamber of Commerce and Industry.

He could be a foreigner provided he has a Kuwaiti merchant acting as a partner or agent established by an official authenticated contract and providing the Central Tenders Committee drafts special statues for the participation of foreign companies in tenders for major projects.

2. He shall have to be registered in the Category List of Approval Contractor or Supplies as per the provision of the hereinafter-mentioned articles."

Such a pre-requisite is based in the national priority of "Kuwaitization" of the extractive sectors, and indeed of much of industry. This in itself does not mean "The licensing process limits participation of qualified companies based on discretionary rules or allows authorities to award licenses without following a formal process." Instead, we see in other areas of the law as well as in the procurement documents of extractive SOCs for upstream services that there is some opening of the sector to international companies and these are competitively bid (see question 1.1.003):

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

Quote, pg. ii: "The private sector was envisaged as playing a role both upstream (Project Kuwait) and downstream (in the privatization of refining activities). Decisions regarding private sector entry have, however, been limited to some technical assistance upstream and privatization of peripheral activities downstream."

It is clear that competition is not occurring on all levels of the industry.

This source also shows that competition in upstream is non-existent:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)  
Quote, pg. 60: "Downstream petroleum activities (i.e. the processing of crude oil to fuel) are fully controlled and owned by the Kuwait National Petroleum Company (KNPC), a subsidiary of KPC"

Additionally, the Public Tender Law mentioned above does not apply to a large part of the extractive sector. Instead, companies set their own guidelines for procurement/contracting. These guidelines are analyzed in Question 1.1.003. The contracting mechanisms themselves as utilized by the SOCs in the extractive sector often retain competitiveness, but little of this is set by the national regulatory framework:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)  
Quote, pg. 59-60: "Procurement by oil companies is generally excluded from the Public Tenders Law and the regulatory controls of the Central Tenders Committee (CTC). However, for the three oil companies – KOC, KNPC, KOTC and the Petrochemical Industries Company (PIC), procurements of KD 5 million and above and /or where there is a variation by more than 10% of the contact value, must be managed by the CTC under the Public Tenders Law... Downstream petroleum activities (i.e. the processing of crude oil to fuel) are fully controlled and owned by the Kuwait National Petroleum Company (KNPC), a subsidiary of KPC. "

Overall, it seems there is no competition in upstream (national companies were identified and granted concessions by the government due to national interests) and some discretion is involved on a case-by-case basis within SOC subcontracting, but that most contracting mechanisms by the SOCs are competitive for all qualified applicants. I have tried to give this a middle rating as opposed to indicating there is no competition/objective standards in procurement and to Kuwait being an entirely objective/competitive system.

#### References:

<http://www.kpc.com.kw/default.aspx>

"LAW NO. 37 1964 GOVERNING PUBLIC TENDERS, Modified by the law NO. 18/70 and Law No. 81/77" 1999. <http://www.lq8.net/tenders/englaw.htm>

Question 1.1.003

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

### 1.3.013: Does the licensing process or legislation impose limits to discretionary powers of the authority in charge of awarding licenses or contracts?

Score: A B C D **E**

#### Comments:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)  
Quote, pg. 60: "Downstream petroleum activities (i.e. the processing of crude oil to fuel) are fully controlled and owned by the Kuwait National Petroleum Company (KNPC), a subsidiary of KPC"

However, SOCs do award subcontracts to third parties, often for downstream activities.

Additionally, the Public Tender Law mentioned in the previous question does not apply to a large part of the extractive sector. Instead, companies set their own guidelines for procurement/contracting. These guidelines are analyzed in Question 1.1.003. The contracting mechanisms themselves as utilized by the SOCs in the extractive sector often retain competitiveness, but little of this is set by the national regulatory framework:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)  
Quote, pg. 59-60: "Procurement by oil companies is generally excluded from the Public Tenders Law and the regulatory controls of the Central Tenders Committee (CTC). However, for the three oil companies – KOC, KNPC, KOTC and the Petrochemical Industries Company (PIC), procurements of KD 5 million and above and /or where there is a variation by more than 10% of the contact value, must be managed by the CTC under the Public Tenders Law... Downstream petroleum activities (i.e. the processing of crude oil to fuel) are fully controlled and owned by the Kuwait National Petroleum Company (KNPC), a subsidiary of KPC. "

Overall, national oversight through the CTC and the Public Tenders Law applies to large potential contracts. For smaller contracts, the SOCs have a large amount of discretion.

#### References:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

### 1.3.014: Does the legislative branch have any oversight role regarding contracts and licenses in the oil, gas and mining sector?

Score: A  B  C  D  E

#### Comments:

Article 152 of the Kuwaiti Constitution states that any contract must be formalized into law. It therefore requires the oversight of the legislative body.

Parliament seems to play a substantial oversight role, albeit potentially motivated by largely political motives (see p 17-21 of Bacci). See also pp 18-19 of <http://fletcher.tufts.edu/Congratulations/The-Fletcher-Community/~media/Fletcher/Microsites/congratulations/PDFs/Abulhasan-Arwa.ashx>. In practice parliament seems to have blocked OSAs and played an important role in placing limits on the contracting / licensing process. However, there have also been efforts to reduce the influence of the legislature through the use of enhanced technical service agreements (ETSAs) with foreign companies that don't require parliamentary approval (see Bacci, p. 21).

This source highlights that many processes of the SOC are regulated by legislative and other bodies: Investing in Oil in the Middle East and North Africa." World Bank, August 2007. Pg. 38-39: ". . . we abide by performance indices that we monitor every three months with international companies, and we have clear strategic plans. But the difference between us and commercial companies is the existence of many obstacles as exemplified by external supervisory measures imposed by bureaucracies outside KPC. In the end, we find it difficult working as a commercial establishment in the true sense of the word because of these outside restraints. For example, in approving the KPC budget we have to go through several stages. We begin the budgetary procedures in September and we end in July the following year. We start by presenting a draft budget to the KPC board, then it goes to the specialized committee of the Supreme Petroleum Council, to the Ministry of Oil, to the Ministry of Finance, then to the Budgetary Committee of the National Assembly, and then to parliament itself. Whereas approving the budget of a commercial company requires nothing more than the draft budget being presented to the board, that is, one stage only, our budget takes nine months to get approval. Frankly, it takes KPC executives a long time to carry out a task which other institutions can complete in a much shorter time. We tell those who monitor our work: if you want KPC to act as a commercial organization, then give it the flexibility and authority it needs. When we compare ourselves with Gulf and international companies we find that their rules are different from ours."

Main, initial oversight of the contacting process is by the CTC:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)  
Quote, pg. 59-60: "Procurement by oil companies is generally excluded from the Public Tenders Law and the regulatory controls of the Central Tenders Committee (CTC). However, for the three oil companies – KOC, KNPC, KOTC and the Petrochemical Industries Company (PIC), procurements of KD 5 million and above and /or where there is a variation by more than 10% of the contact value, must be

managed by the CTC under the Public Tenders Law... Downstream petroleum activities (i.e. the processing of crude oil to fuel) are fully controlled and owned by the Kuwait National Petroleum Company (KNPC), a subsidiary of KPC. "

However, the CTC is not comprised of lawmakers but instead of representatives from various government agencies (see <http://www.lq8.net/tenders/englaw.htm>)

[http://www.oxfordbusinessgroup.com/economic\\_updates/kuwait-year-review-2011](http://www.oxfordbusinessgroup.com/economic_updates/kuwait-year-review-2011)

The Supreme Petroleum Council actively monitors contracts and proposed initiatives. For example, in this report, two oil refineries were approved that were meant to be subcontracted out and which the SPC had stalled for some time.

**References:**

Alessandro Bacci, "Kuwait's O&G Contractual Framework and the Development of a Modern Natural Gas Industry," December 2011, pp. 17-21

<http://www.daonline.info/public/foto/BACCI%20-%20Kuwait%20O&G%20Contractual%20Framework.pdf>

Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

Public Tenders Law: <http://www.lq8.net/tenders/englaw.htm>

"Kuwait Year Review 2011" Oxford Business Group.

[http://www.oxfordbusinessgroup.com/economic\\_updates/kuwait-year-review-2011](http://www.oxfordbusinessgroup.com/economic_updates/kuwait-year-review-2011)

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**1.3.015: Is there a due process to appeal licensing decisions?**

**Score:** A  B C

**Comments:**

No outlined, formal process has been found.

KOC Policies and Regulations for Contracts". Kuwait Oil Company. Accessible via:

<http://mcsetender.kockw.com/Commercial%20Documents/standards/KOC%20POLICY.pdf>

The document mentions that in certain cases documents will be sent to the CTC in case of dispute, but it does not outline the mechanism by which or when this occurs and what the process would be during and after the dispute.

**References:**

<http://www.kpc.com.kw/default.aspx>

"KOC Policies and Regulations for Contracts". Kuwait Oil Company. Accessible via:

<http://mcsetender.kockw.com/Commercial%20Documents/standards/KOC%20POLICY.pdf>

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**1.3.016: Is there a legal or regulatory requirement to disclose all beneficial ownership in oil, gas and mining companies or projects?**

**Score:** A  B C

**References:**

No disclosure requirement has been identified after an extensive, targeted search using Google and the documents cited elsewhere in this questionnaire.

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# Kuwait - RWI Index Questionnaire

## Context

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Indicator	Score
2.1	Context 33 

### 2.1 Context

#### 2.1.017: Does the government receive in-kind payments instead of financial payments from resource companies?

Score:  A  B  C

##### Comments:

The government owns the oil. It obtains oil for export and domestic use through own production.

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait"

Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

Pg. 4: "Kuwait's oil revenues have always accrued directly to the state. Until 1975, the mechanism was royalties and taxes on profits paid by foreign oil companies. In 1975, Kuwait nationalized the country's oil industry, and in 1980 placed both the upstream and downstream sectors under the control of its national oil company, the Kuwait Petroleum Company."

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)  
Quote, pg. 58, cited before.

##### References:

<http://www.kpc.com.kw/default.aspx>

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait"

Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

#### 2.1.018: If the government or state owned companies sell physical commodities (oil, gas or minerals) from in-kind payments or own production, is there information about how these commodities are marketed?

Score:  A  B  C  D  E

##### Comments:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

Quote, pg. 59: "The majority of Kuwaiti crude oil exports (around 83.3%) were exported to Asia in 2010, followed by North America (8.9%) and Europe (4.3%) (Table IV.2). Most of the crude oil is sold on term contracts, with the price linked to the respective market benchmark crude in each of the Asian, European and U.S. markets." This information is obtained from OPEC (2010 and 2011), Statistical

Bulletin 2009. Viewed at:

[http://www.opec.org/opec\\_web/static\\_files\\_project/media/downloads/publications/ASB2009.pdf](http://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2009.pdf) ; and  
OPEC (2011) Statistical Bulletin 2010/2011 edition. Viewed at:  
[http://www.opec.org/opec\\_web/static\\_files\\_project/media/downloads/publications/ASB2010\\_2011.pdf](http://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2010_2011.pdf) .

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>  
Pg. 38

#### References:

<http://www.kockw.com/Pages/About%20KOC/KOC%20Operations/KPC.aspx>

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization.  
Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tp\\_r\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tp_r_e/tp358_e.htm)

### 2.1.019: What authority actually collects payments from resource companies?

Score: A B **C** D E

#### Comments:

The Kuwait Petroleum Corporation collects revenues from its subsidiaries, then provides these to the Kuwait Investment Authority.

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

"The KPC then buys its crude oil from the government at a price fixed annually by the pricing committee (on the basis of international prices). From the purchase price are deducted the KOC's operating expenses plus 10 percent for a legal reserve—a requirement for all Kuwaiti companies to cover possible claims against the company.

The marketing division of the KPC then sells the oil at a price set by the international market and returns the sales revenue to the state, less 10 percent for the reserve fund for future generations, and in return takes a 50 cents marketing fee per barrel."

"KPC at a Glance". Kuwait Petroleum Corporation website. Accessible via:

<http://www.kpc.com.kw/AboutKPC/KPCatGlance/default.aspx>

Among its activities, KPC "oversees the marketing of crude oil, refined product and gas in foreign markets. The Corporation also provides significant support to the Kuwait Ministry of Oil in its dealings with other member countries of the OPEC."

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via:

[http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

#### References:

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

"KPC at a Glance". Kuwait Petroleum Corporation website. Accessible via:

<http://www.kpc.com.kw/AboutKPC/KPCatGlance/default.aspx>

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via:














[http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

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# Kuwait - RWI Index Questionnaire

## Disclosure

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Indicator		Score	
2.2A.020	Does the Ministry of Finance publish periodical information on revenue generation?	4	
2.2A.020.j	Does the Ministry of Finance publish information on disaggregated revenue streams?	17	
2.2A	Quality of reports	50	
2.2B.020	Does the Ministry of the extractive sector publish information on revenue generation?	15	
2.2B.020.j	Does the Ministry of the extractive sector publish information on disaggregated revenue streams?	17	
2.2B	Quality of reports	67	
2.2C.020	Does a Regulatory Agency publish information on revenue generation?	0	
2.2C.020.j	Does a Regulatory Agency publish information on disaggregated revenue streams?	0	
2.2C	Quality of reports	0	
2.2D.020	Does the Central Bank publish information on revenue generation?	18	
2.2D.020.j	Does the Central Bank publish information on disaggregated revenue streams?	50	
2.2D	Quality of reports	84	
2.2E.020	Does any other government agency or entity publish information on revenue generation?	N/A	
2.2E.020.j	Does any other government agency or entity publish information on disaggregated revenue streams?	N/A	
2.2E	Quality of reports	N/A	
2.2	Public sector balance	33	

2.2A.020 Does the Ministry of Finance publish periodical information on revenue generation?

### 2.2A.020.a: Reserves

Score: A B C **(D)** E

Comments:



This information is not present on the MOF website nor does the MOF otherwise publish other publicly-available documents that include this information.

Information on both resource reserves and reserves funds was investigated, but information on neither could be found which was published by the MOF.

**References:**

<http://en.mof.gov.kw/Desicions/MofGeneralization/OtherGenerl/Exec-OtherGenerl-Curr/Exec-OtherGenerl-Curr.aspx>

Ministry of Oil website <http://en.mof.gov.kw/>

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

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**2.2A.020.b: Production volumes**

**Score:** A B C  D E

**Comments:**

This information is not present on the MOF website nor does the MOF otherwise publish other publicly available documents that include this information.

**References:**

<http://en.mof.gov.kw/Desicions/MofGeneralization/OtherGenerl/Exec-OtherGenerl-Curr/Exec-OtherGenerl-Curr.aspx>

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**2.2A.020.c: Information on prices**

**Score:** A B C  D E

**Comments:**

The Minister's statement contains projections only; no other figures were reported.

**References:**

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

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**2.2A.020.d: Value of resource exports**

**Score:** A B C  D E

**Comments:**

The Minister's statement contains only projected values. The Ministry does not seem to publish any other data on export values.

**References:**

Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

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**2.2A.020.e: Estimates of investment in exploration and development****Score:** A B C **(D)** E**Comments:**

Although the previous year's questionnaire listed this as published by the MOF, the researcher can find no evidence that the MOF still makes this information publicly available.

**References:**

<http://en.mof.gov.kw/Desicions/MofGeneralization/OtherGenerl/Exec-OtherGenerl-Curr/Exec-OtherGenerl-Curr.aspx>

Ministry of Finance website <http://en.mof.gov.kw/>

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**2.2A.020.f: Production costs****Score:** A B **(C)** D E**Comments:**

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at:

<http://en.mof.gov.kw/Ministerstatements.pdf>

Production costs are not mentioned for Kuwait specifically. Rather, page 21 states: "The increase of production and oilfield development cost will promote the rise of oil prices. Reports stress the provision of capital estimated at more than US\$ 140 billions for non-Middle Eastern countries for production from traditional oilfields and this would result in the increase of production costs at the rate of 5 US\$/barrel. However, the Middle East countries seeking to increase their production at 7 million bpd would need a capital of US\$ 100 million and consequently the production cost shall increase at the rate of 2.2 US\$/barrel."

**References:**

<http://en.mof.gov.kw/Desicions/MofGeneralization/OtherGenerl/Exec-OtherGenerl-Curr/Exec-OtherGenerl-Curr.aspx>

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

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**2.2A.020.g: Names of companies operating in country****Score:** A B C **(D)** E**Comments:**

This information is not present on the MOF website nor does the MOF otherwise publish other publicly-available documents that include this information.

**References:**

<http://en.mof.gov.kw/Desicions/MofGeneralization/OtherGenerl/Exec-OtherGenerl-Curr/Exec-OtherGenerl-Curr.aspx>

Ministry of Finance website <http://en.mof.gov.kw/>

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**2.2A.020.h: Production data by company and/or block****Score:** A B C **(D)** E**Comments:**

This information is not present on the MOF website nor does the MOF otherwise publish other publicly-available documents that include this information.

**References:**

<http://en.mof.gov.kw/Desicions/MofGeneralization/OtherGenerl/Exec-OtherGenerl-Curr/Exec-OtherGenerl-Curr.aspx>

Ministry of Finance website <http://en.mof.gov.kw/>

**2.2A.020.i: Cost of subsidies or social investments paid by mineral revenue****Score:** A B C **(D)** E**Comments:**

This information is not present on the MOF website nor does the MOF otherwise publish other publicly-available documents that include this information.

**References:**

<http://en.mof.gov.kw/Desicions/MofGeneralization/OtherGenerl/Exec-OtherGenerl-Curr/Exec-OtherGenerl-Curr.aspx>

2.2A.020.j Does the Ministry of Finance publish information on disaggregated revenue streams?

**2.2A.020.j1: Production streams value****Score:** A B C **(D)** E**Comments:**

Although the previous year's questionnaire listed this information as available, it no longer seems to be publicly accessible.

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

Quote, pg 37: "There is very little detail given in the central government's budget accounts other than the heading oil revenues. Thus, the exact composition of these revenues is unknown."

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

An analysis of the most recent national budget document available on-line shows that indeed the World Bank is correct in assessing that the government does not break down the title "oil revenues" and therefore no information is given on production streams.

A smaller breakdown is evident in the table on page 43 which shows the contribution of crude oil and natural gas to GDP.

No other information can be found on the MOF website or other MOF-published sources.

**References:**

<http://en.mof.gov.kw/Desicions/MofGeneralization/OtherGenerl/Exec-OtherGenerl-Curr/Exec-OtherGenerl-Curr.aspx>

OtherGenerl-Curr.aspx

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

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### 2.2A.020.j2: Government s share in PSC

**Score:** A B C D  E

**Comments:**

This information is not present on the MOF website nor does the MOF otherwise publish other publically-available documents that include this information.

The score is N/A; please refer to questions 1.1.003; 1.1.004 and others to confirm that there are no PSCs in Kuwait's extractive industry.

**References:**

<http://en.mof.gov.kw/>

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### 2.2A.020.j3: Royalties

**Score:** A B C D  E

**Comments:**

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait" Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011. Pg. 4 (quoted in 1.1.004) notes that foreign oil companies paid royalties and taxes until the oil industry was nationalized in 1975. The national oil company no longer pays royalties to the state.

**References:**

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait" Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

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### 2.2A.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

<http://en.mof.gov.kw/>

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### 2.2A.020.j5: Dividends

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

<http://en.mof.gov.kw/>

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**2.2A.020.j6: Bonuses**

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

<http://en.mof.gov.kw/>

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**2.2A.020.j7: License fees**

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

<http://en.mof.gov.kw/>

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**2.2A.020.j8: Acreage fees**

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

<http://en.mof.gov.kw/>

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**2.2A.020.j9: Other (Explain in 'comments' box.)**

**Score:** A B  C D E

**Comments:**

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

Since "the percentage of oil revenues share to the total budgetary revenues is estimated to be about 91.9% while the non-oil revenues share is estimated at about 8.1% only" (pg 16), the oil revenue

money is not dedicated to just one stream of social investment but rather is aggregated with other funds and 91.9% of national expenditure and saving is from oil revenue.

**References:**

<http://en.mof.gov.kw/>

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

## 2.2A Quality of reports

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**2.2A.021: Are periodical reports containing information on revenue generation published by the Ministry of Finance understandable?**

**Score:** A  B C D E

**Comments:**

The MOF does not publish many items containing concrete information regarding the extractive industry. However, the Minister's Statements regarding the National Budget do contain some of the information sought by this questionnaire, although they are not comprehensive. A few items sought do not apply to Kuwait (such as PSCs, royalties and most taxes). The Statements do provide for the data some explanations as well as references to the international economy and comparisons to previous domestic years. It does not, however, include definitions of the main concepts and explain information to the broader public, with notes including information on methodology, sources or statistical techniques. For these reasons, statement "B" is most appropriate, although the previous year's questionnaire listed "C".

**References:**

<http://en.mof.gov.kw/>

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**2.2A.022: How often are the periodical reports containing information on revenue generation published by the Ministry of Finance?**

**Score:** A B  C D E

**Comments:**

The Minister's Budget Statements are meant to take place on a yearly basis, when each new budget is revealed. The MOF website only has historical information, not reporting year statements. Nevertheless, the researcher marked the answer as "annually" instead of "not published".

**References:**

<http://en.mof.gov.kw/>

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## 2.2B.020 Does the Ministry of the extractive sector publish information on revenue generation?

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**2.2B.020.a: Reserves**

**Score:** A B  C D E

**Comments:**

Only historical information could be found regarding reserves. This was present on the website for the Ministry of Oil's oil magazine, Al-Naft.

"KUwait produces 2.5% of the world oil and owns 9.1% of its reserves" Al- Naft Magazine, published by the Ministry of Oil. Issue 12/01/2002. <http://www.moo.gov.kw/magazine/en/>

Quote: "On the reserve level, Kuwait owns 96.5 billion barrels of crude oil representing 14.8% of the total Arab reserve for the year 2001 which amounted to 650,76 billion barrels representing 9.1% of the international reserves amounting to 1064,3 billion barrels.

Also, Kuwait owns 1557 billion cubic meter of natural gas representing 3.8% of the total Arab reserves amounting to 40716 billion square meter, i.e.1% of the total international reserves amounting to 159965 billion square meters for the year 2001...

As regards the reserves, the oil reserves stabilized during the period at 96.5 billion barrels while the natural gas reserves increased by 67 billion cubic meter to reach 1557 billion cubic meter, i.e.4.5%"

**References:**

<http://www.moo.gov.kw/facts/en/>

"Kuwait produces 2.5% of the world oil and owns 9.1% of its reserves" Al- Naft Magazine, published by the Ministry of Oil. Issue 12/01/2002. <http://www.moo.gov.kw/magazine/en/>

**2.2B.020.b: Production volumes**

**Score:** A B **C** D E

**Comments:**

Data on production volumes are not systematically listed in Ministry of Oil publications. This information is not disclosed on the Ministry website, but there is some production volume info listed piece-meal, mainly on a per-project basis but occasionally a total of all fields per day, in the Ministry of Oil's "Al-Naft" magazine. This is historical information only, as the most recent issue on the website is from 02/01/2011. For example:

"Al-Rushaid:KOC producing 3 mln bpd" Al- Naft Magazine, published by the Ministry of Oil. Issue 02/01/2011. <http://www.moo.gov.kw/magazine/en/>

Quote: "Disclosing the targeted production in West Kuwait's field is 500,000 bpd, Al-Rushaid said the field's current production is roughly 250,000 cubic feet of natural gas..."

"Kuwait produces 2.5% of the world oil and owns 9.1% of its reserves" Al- Naft Magazine, published by the Ministry of Oil. Issue 12/01/2002. <http://www.moo.gov.kw/magazine/en/>

Quote: "Kuwait produces 2042 thousand barrels/daily of hydrocarbon fluids, i.e. 10% of the total production of Arab countries amounting to 20486 thousand barrels daily and 3.1% of the total international production amounting to 66735.3 thousand barrels daily.

As for the production of natural gas fluids, Kuwait's production amounts to 140 thousand barrels daily representing 6.8% of the total Arab production for the year 2001 amounting to 2062 thousand barrels daily and 2.3% of the total international production amounting to 6127 thousand barrels daily... As for the production of natural gas, it amounted to 10777 million square meter in the year 2001, i.e. 2.6% of the Arab production amounting to 414850 million cubic meter and 0.3% of the international production amounting to 3094070 million cubic meter...Kuwait produces 1861 thousand barrels of oil daily, i.e.11.6% of the total Arab production amounting to 16011 thousand barrels daily for the year 2001 as per its quota determined in the Organization of Petroleum Exporting Countries (OPEC)."

**References:**

<http://www.moo.gov.kw/facts/en/>

"Al-Rushaid:KOC producing 3 mln bpd" Al- Naft Magazine, published by the Ministry of Oil. Issue 02/01/2011. <http://www.moo.gov.kw/magazine/en/>

"KUwait produces 2.5% of the world oil and owns 9.1% of its reserves" Al- Naft Magazine, published by the Ministry of Oil. Issue 12/01/2002.

**2.2B.020.c: Information on prices**Score: A B **C** D E**Comments:**

There is little mention on the Ministry of Oil's main website about prices, and it is found only by trawling through the the "News" section of the website. There is also some scant information published on the website for the Ministry's oil magazine. The overall effect of this information is enough to be listed as "historical data only" (as opposed to data for all types of extractive industry being released for the reporting year, and as opposed to indicating that no information on the subject is published at all).

"Kuwait announces May LPG prices" <http://www.moo.gov.kw/Default.aspx?pageid=173&nid=16866> [Arabic text is not pasting in the appropriate order, please website for article]

"Hussein Ismail: Oil prices are competitive value" Al- Naft Magazine, published by the Ministry of Oil. Issue 01/05/2011. <http://www.moo.gov.kw/magazine/en/>

"He indicated that the oil price between \$75 – 90 per barrel is fair and it allows the oil-producing countries to achieve this balance.."

In addition, the following article gives historical information for total value of petroleum production:

"Kuwait Oil : Facts and Figures 2002" Al- Naft Magazine, published by the Ministry of Oil. Issue 12/01/2002. <http://www.moo.gov.kw/magazine/en/>

Quote: "Statistics published in the book indicate that the local output of petroleum activity during the years from 1995 to 2000 increased from 3136,8 million dinars in 1995 to 5582,6 million dinars in the year 2000, i.e. equal to 48% of the gross national production...He pointed that Kuwait's petroleum exports have not changed greatly during the past five years as they amounted to 1883, 2 thousand barrels daily in 1995 and scored a rate of 1795,7 thousand barrels daily in the year 2000."

Although the following does not state the price, it could be derived from the information it does provide: Al- Naft Magazine, published by the Ministry of Oil. Issue 12/01/2002.

<http://www.moo.gov.kw/magazine/en/>

"This is despite the immediate enhancement in the price of Kuwait's crude oil and its increase from 18.1 dollars in 1997 to 19.3 in 2001, i.e. 6.6% and 1.2 dollars following the clear fluctuation during this period from 13467 to 13237 million dollars, i.e. the amount of 230 million dollars and 1.7% due to the decline in the Kuwaiti production as per the OPEC agreements for lowering the production."

**References:**

<http://www.moo.gov.kw/facts/en/>

**2.2B.020.d: Value of resource exports**Score: A B C **D** E**Comments:**

Again, this information is not published in a systematic or easy-to-find fashion. Total value of resource exports for any given year was not found, only relevant data points that could be useful in deriving that information if given additional data points. Due to the disparate nature of this information, and that I generally could not find that the MOF published all necessary info for a given year to derive the value amount, I have marked this as "not published".

The following reference describes the volume (not value, but if price information could be found for the same period, it could be combined with this data point to derive value) of resource exports in total as well as in part to a few specific countries.

"State of Kuwait penetrates successfully new oil markets" Al- Naft Magazine, published by the Ministry



of Oil. Issue 01/05/2011. <http://www.moo.gov.kw/magazine/en/>  
 "With reference to the corporation's portfolio, KPC confirmed it succeeded in converting the reserve energy to the perpetual, stable and developing markets, indicating the cargos of crude to Japan, South Korea and Taiwan reached 800,000 bpd. It added Kuwait's exports are estimated to 1.3 – 1.5 million bpd from the gross production which reaches 2.2 – 2.5 million barrels per day."

The following data gives value of total output, but not necessarily of exports:

"Kuwait Oil : Facts and Figures 2002" Al- Naft Magazine, published by the Ministry of Oil. Issue 12/01/2002. <http://www.moo.gov.kw/magazine/en/>

Quote: "Statistics published in the book indicate that the local output of petroleum activity during the years from 1995 to 2000 increased from 3136,8 million dinars in 1995 to 5582,6 million dinars in the year 2000, i.e. equal to 48% of the gross national production."

#### References:

<http://www.moo.gov.kw/facts/en/>

"State of Kuwait penetrates successfully new oil markets" Al- Naft Magazine, published by the Ministry of Oil. Issue 01/05/2011. <http://www.moo.gov.kw/magazine/en/>

Kuwait Oil : Facts and Figures 2002" Al- Naft Magazine, published by the Ministry of Oil. Issue 12/01/2002. <http://www.moo.gov.kw/magazine/en/>

### 2.2B.020.e: Estimates of investment in exploration and development

Score: A B **C** D E

#### Comments:

Estimates of investment in exploration and development are not systematically listed in Ministry of Oil publications. They are listed piece-meal on a per-project basis in the website sections and in the Ministry of Oil's "Al Neft" magazine, but there is no estimate of the total amount of investment in any given year. No estimates exist for oil on the main website, but a few facts regarding investment in gas liquidation and fertilizers development are printed.

Ministry of Oil website, "Company Investments Outside Kuwait In The Fertilizers Field". Available at: <http://www.moo.gov.kw/facts/en/index.asp?More=yes&NewsID=34&mode=0&day=2&page=3>

"The project budget is estimated at 1090 million US dollars. Bechtel Company was selected as the engineering manager of the project while UOP will act as a licensor of production technology. PIC will assume the entire costs of the project, event before its experimental operation. A percentage equivalent to 20% of the project capital will be sold to the private sector. It is expected that this project will be completed by 2007"

"The project consists of the ethane feed cracker unit of 1100 thousand metric tons annual capacity with a production capacity of 850 thousand metric tons annually of ethylene substance. As the essential derivatives of this unit is ethylene(which is used in low density polyethylene industry LLDP with production capacity of 400 thousand tons per year, the production of monoethyle glycol at a production capacity of 600 thousand metric tons annually, and he production of polypropylene with a capacity of 30 thousand tons per year. The project budget is estimated at 1500 million US dollars. Dow Company was selected as a foreign partner in the project. Further, a study covering the integration between the second olefins project, Equate Petrochemicals Company, the olefins project and styrene has been completed. It is expected that the project will be completed by 2007."

Ministry of Oil website, "Gas Liquidation" section. Available at:

<http://www.moo.gov.kw/facts/en/index.asp?More=yes&NewsID=31&mode=0&day=2&page=3>

"New shipping pier project, completed in September 2003 at a total cost of K.D.114 million... 1project for the construction of a new unit for extraction of ethane gas at a capital cost of approximately K.D.112.5 million to enable the Company to supply ethane gas a feed to the 2nd olefins project, expected to be put in operation by the year 2007, being carried by Equate Company.

.2Construction of a fourth refinery at an estimated cost of 2.5 billion dollar wit ha total capacity of 350 thousand barrels per daily."

An example of what the magazine Al-Naft publishes can be found at:  
 "Hussein Ismail: Oil prices are competitive value" Al- Naft Magazine, published by the Ministry of Oil.  
 Issue 01/05/2011. <http://www.moo.gov.kw/magazine/en/>  
 "KPI invested \$100 million in the complex which includes a unit to generate steam, installations to treat gas and a unit to recover sulfur... Disclosing the total cost of the project's designs is estimated to \$500 million..."  
 This is historical information only; more recent estimates could not be found.

**References:**

<http://www.moo.gov.kw/facts/en/>

Ministry of Oil website, "Company Investments Outside Kuwait In The Fertilizers Field". Available at:  
<http://www.moo.gov.kw/facts/en/index.asp?More=yes&NewsID=34&mode=0&day=2&page=3>

Ministry of Oil website, "Gas Liquidation" section. Available at:  
<http://www.moo.gov.kw/facts/en/index.asp?More=yes&NewsID=31&mode=0&day=2&page=3>

Hussein Ismail: Oil prices are competitive value" Al- Naft Magazine, published by the Ministry of Oil.  
 Issue 01/05/2011. <http://www.moo.gov.kw/magazine/en/>

**2.2B.020.f: Production costs**

**Score:** A B C  D E

**Comments:**

Al- Naft Magazine, published by the Ministry of Oil. Issue 01/05/2011.  
<http://www.moo.gov.kw/magazine/en/>  
 Ministry of Oil website: <http://www.moo.gov.kw/>

This information was not found on the website or in the available issues of the Ministry's Al-Naft magazine.

**References:**

<http://www.moo.gov.kw/facts/en/>

Al- Naft Magazine, published by the Ministry of Oil. <http://www.moo.gov.kw/magazine/en/>

Ministry of Oil website: <http://www.moo.gov.kw/>

**2.2B.020.g: Names of companies operating in country**

**Score:** A B C  D E

**Comments:**

Al- Naft Magazine, published by the Ministry of Oil. Issue 01/05/2011.  
<http://www.moo.gov.kw/magazine/en/>  
 Ministry of Oil main website: <http://www.moo.gov.kw/> and the "Links" subsite:  
<http://www.moo.gov.kw/default.aspx?pageId=72>

The Ministry of Oil lists the SOCs operating in the country (although not in a systematic way) over articles in its Al-Naft magazine and sections of its website, including on its "Links" sub-site.

**References:**

<http://www.moo.gov.kw/facts/en/>

Al- Naft Magazine, published by the Ministry of Oil. Issue 01/05/2011.  
<http://www.moo.gov.kw/magazine/en/>

Ministry of Oil main website: <http://www.moo.gov.kw/> and the "Links" subsite: <http://www.moo.gov.kw/default.aspx?pageId=72>

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### 2.2B.020.h: Production data by company and/or block

**Score:** A B C **(D)** E

**Comments:**

The Ministry of Oil publishes an oil field map, but it does not show information about companies and production quantities.

"Oil Field Map" at the Ministry of Oil website: <http://www.moo.gov.kw/Default.aspx?pageId=49>

**References:**

<http://www.moo.gov.kw/facts/en/>

"Oil Field Map" at the Ministry of Oil website: <http://www.moo.gov.kw/Default.aspx?pageId=49>

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### 2.2B.020.i: Cost of subsidies or social investments paid by mineral revenue

**Score:** A B C **(D)** E

**Comments:**

Al- Naft Magazine, published by the Ministry of Oil. Issue 01/05/2011.

<http://www.moo.gov.kw/magazine/en/>

Ministry of Oil website: <http://www.moo.gov.kw/>

This information was not found on the website or in the available issues of the Ministry's Al-Naft magazine.

**References:**

<http://www.moo.gov.kw/facts/en/>

Al- Naft Magazine, published by the Ministry of Oil. Issue 01/05/2011.

<http://www.moo.gov.kw/magazine/en/>

Ministry of Oil website: <http://www.moo.gov.kw/>

2.2B.020.j Does the Ministry of the extractive sector publish information on disaggregated revenue streams?

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### 2.2B.020.j1: Production streams value

**Score:** A B C **(D)** E

**Comments:**

Al- Naft Magazine, published by the Ministry of Oil. Issue 01/05/2011.

<http://www.moo.gov.kw/magazine/en/>

Ministry of Oil website: <http://www.moo.gov.kw/>

This information was not found on the website or in the available issues of the Ministry's Al-Naft magazine.

**References:**

<http://www.moo.gov.kw/facts/en/>

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**2.2B.020.j2: Government s share in PSC**

**Score:** A B C D  E

**Comments:**

Please refer to questions 1.1.003; 1.1.004 and others to confirm that there are no PSCs in Kuwait's extractive industry.

**References:**

<http://www.moo.gov.kw/facts/en/>

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**2.2B.020.j3: Royalties**

**Score:** A B C D  E

**Comments:**

See 2.2A.020.j5 for a discussion of royalties.

**References:**

<http://www.moo.gov.kw/facts/en/>

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait" Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

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**2.2B.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)**

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2B.020.j5: Dividends**

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2B.020.j6: Bonuses****Score:** A B C D  E**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2B.020.j7: License fees****Score:** A B C D  E**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2B.020.j8: Acreage fees****Score:** A B C D  E**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2B.020.j9: Other (Explain in 'comments' box.)****Score:** A B  C D E**Comments:**

"Kuwait Petroleum Corporation (KPC)". Ministry of Oil website at:  
<http://www.moo.gov.kw/facts/en/index.asp?More=yes&NewsID=21&mode=0&day=2&page=1>  
The Ministry of Oil publishes "the aggregate refining capacity which reached by the end of the fiscal year 2003/2004 approximately 910 thousand barrels daily."

The Ministry of Oil published its 2001 Strategic Plan on the website, but this does not contain quantitative information. No more recent copies were found.  
[http://www.moo.gov.kw/Data/Site1/pdf/strategy\\_en.pdf](http://www.moo.gov.kw/Data/Site1/pdf/strategy_en.pdf) and <http://www.moo.gov.kw/default.aspx?pageId=9>

**References:**

<http://www.moo.gov.kw/facts/en/>

"Kuwait Petroleum Corporation (KPC)". Ministry of Oil website at:  
<http://www.moo.gov.kw/facts/en/index.asp?More=yes&NewsID=21&mode=0&day=2&page=1>

"2001 Strategic Plan". Ministry of Oil website [http://www.moo.gov.kw/Data/Site1/pdf/strategy\\_en.pdf](http://www.moo.gov.kw/Data/Site1/pdf/strategy_en.pdf) and <http://www.moo.gov.kw/default.aspx?pageId=9>

## 2.2B Quality of reports

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### 2.2B.021: Are periodical reports containing information on revenue generation published by the Ministry of the extractive sector understandable?

Score: A B  C D E

**Comments:**

Information is not presented in a systematic way. Quantitative information is few and far between. It is difficult to find information in the website and magazine that is useful and does not need to be compared against other data points. Quantitative information that does exist is not grouped with other similar data, and on the whole data points do not exist for each year, company, oil field, etc. but are presented for only one of these. Some passages of the articles in Al-Naft magazine are barely comprehensible, but this appears to be simply poor translation from Arabic into English.

**References:**

<http://www.moo.gov.kw/facts/en/>

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### 2.2B.022: How often are the periodical reports containing information on revenue generation published by the Ministry of the extractive sector?

Score:  A B C D E

**Comments:**

Al-Naft magazine bills itself as a quarterly magazine, but the last update to its website was February 2011. The Ministry of Oil's dedicated website in English has not been updated for some years, as the current strategy plan it lists is from 2002 and all other information presented is historical only. The Ministry of Oil's dedicated website in Arabic has been updated through 2012 for press releases and meetings only, not for strategic plans. Because the intent is to publish most of the information at least ever quarter, I have scored it accordingly.

**References:**

<http://www.moo.gov.kw/facts/en/>

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## 2.2C.020 Does a Regulatory Agency publish information on revenue generation?

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### 2.2C.020.a: Reserves

Score: A B C  D E

**Comments:**

The Supreme Petroleum Council shares regulatory duties with the Ministry of Oil (see 1.1.005). The Ministry has been reviewed elsewhere, so this section will focus on the SPC. The SPC is an ad hoc strategic decision council created by the Emir and does not have its own dedicated website nor create publicly available publications.

Background information on the SPC:

"New Supreme Petroleum Council Meets -- Room For Progress?" Embassy Kuwait. Thu, 11 Feb 2010 05:35 UTC. Accessible via: <http://www.cablegatesearch.net/cable.php?id=10KUWAIT123>  
"Summary: On February 8, one day after its appointment, Kuwait's Supreme Petroleum Council met and reportedly approved a technical services agreement with Shell. The decree appointed the 18 member (8 government, 10 private sector) oil policy making body, which had not met since December 2008, when four members resigned in protest over the cancellation of the K-Dow joint venture. The lack of an SPC had prevented the Kuwait Petroleum Corporation from moving forward with major projects, including the re-tendering of Kuwait's 4th oil refinery and major upgrades to the existing refineries. Despite some calls for the SPC to become a purely governmental body, the Amir appointed private sector representatives and reappointed five of the non-governmental members from the 2005-2008 SPC."

[http://www.upstreamonline.com/live/article205819.ece?WT.mc\\_id=rechargenews\\_rss](http://www.upstreamonline.com/live/article205819.ece?WT.mc_id=rechargenews_rss)  
(Dated 8 Feb 2010): "The government faces a challenge restoring investor confidence in the sector after it ditched a multi-billion dollar petrochemicals deal with Dow Chemical in December 2008, a month after signing it, due to criticism in parliament.  
It also cancelled multi-billion dollar contracts for a new refinery, and failed to renew expiring oil service contracts with some of the world's largest energy companies last year.  
Kuwait pumped 2.28 million barrels per day (bpd) of crude in January, according to a Reuters survey. The SPC was formed in 1974 to oversee the country's oil interests. Five ministers are permanently on the board, including the oil and commerce ministers, in addition to the central bank governor and the prime minister."

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Parliamentary Committees website:

[http://www.pm.gov.kw/en/national\\_Assembly/parliamentaryCommittees.jsp](http://www.pm.gov.kw/en/national_Assembly/parliamentaryCommittees.jsp)

"New Supreme Petroleum Council Meets -- Room For Progress?" Embassy Kuwait. Thu, 11 Feb 2010 05:35 UTC. Accessible via: <http://www.cablegatesearch.net/cable.php?id=10KUWAIT123>

[http://www.upstreamonline.com/live/article205819.ece?WT.mc\\_id=rechargenews\\_rss](http://www.upstreamonline.com/live/article205819.ece?WT.mc_id=rechargenews_rss)

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**2.2C.020.b: Production volumes**

**Score:** A B C **(D)** E

**Comments:**

The Supreme Petroleum Council of Kuwait is the Regulatory Authority but does not create publications, including websites, reports, etc. Information about the SPC, what information it probably is privy to, and its activities can only be found from third parties. Please see question 2.2C.020.a.

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

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**2.2C.020.c: Information on prices**

**Score:** A B C **(D)** E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

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**2.2C.020.d: Value of resource exports**

**Score:** A B C  D E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

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**2.2C.020.e: Estimates of investment in exploration and development**

**Score:** A B C  D E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

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**2.2C.020.f: Production costs**

**Score:** A B C  D E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

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**2.2C.020.g: Names of companies operating in country**

**Score:** A B C  D E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

---

**2.2C.020.h: Production data by company and/or block**

**Score:** A B C  D E

**Comments:**

.

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

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**2.2C.020.i: Cost of subsidies or social investments paid by mineral revenue**

**Score:** A B C  D E



**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

2.2C.020.j Does a Regulatory Agency publish information on disaggregated revenue streams?

---

**2.2C.020.j1: Production streams value**

**Score:** A B C  D E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

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**2.2C.020.j2: Government s share in PSC**

**Score:** A B C D  E

**Comments:**

There are no PSCs.

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.and 2.2A.020.j2

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**2.2C.020.j3: Royalties**

**Score:** A B C D  E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see questions 2.2C.020.a and 2.2A.020.j3

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**2.2C.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)**

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2C.020.j5: Dividends****Score:** A B C D  E**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2C.020.j6: Bonuses****Score:** A B C D  E**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2C.020.j7: License fees****Score:** A B C D  E**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2C.020.j8: Acreage fees****Score:** A B C D  E**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2C.020.j9: Other (Explain in 'comments' box.)****Score:** A B C  D E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

2.2C Quality of reports

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**2.2C.021: Are periodical reports containing information on revenue generation published by the Regulatory Agency understandable?**

**Score:** A B C  D E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

**2.2C.022: How often are the periodical reports containing information on revenue generation published by the Regulatory Agency?**

**Score:** A B C  D E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Please see question 2.2C.020.a.

2.2D.020 Does the Central Bank publish information on revenue generation?

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**2.2D.020.a: Reserves**

**Score:** A B C  D E

**Comments:**

"Economic Report 2009". Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

Reserves information is not available in the Economic Report.

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.

<http://www.cbk.gov.kw/WWW/index.html>

Amount of oil and mineral reserves are not mentioned in the Annual Reports published by the CB, including this one.

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.

<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

This information is not included in the BOP document released by the Central Bank.

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

"Economic Report 2009". Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.  
<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.  
<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

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### 2.2D.020.b: Production volumes

Score: A B  C D E

#### Comments:

"Economic Report 2009". Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

[This is the most recent Economic Report available online]

Quote, pg. 11: "The decline in the value added by the crude oil and natural gas production sector during 2009 was the outcome of developments in world oil markets and the decrease in oil prices in these markets, such as the OPEC's spot price of commodity standard materials which declined by 35.6% (from \$94.45 per barrel on average during 2008 to \$60.86 on average during 2009) on the one hand, and the decrease in crude oil and liquefied gas production in the State of Kuwait in line with OPEC decisions by 15.5% (a decrease in the actual production from 2.677 million barrel per day on average during 2008, to 2.261 million on average during 2009) on the other."

Pg. 12: "Average price of the Kuwait export crude oil barrel declined by \$29.98 or 33.3% (from \$90.10 during 2008 to \$60.12 during 2009). Crude oil production also decreased by 15.5% (from 2.677 million barrels per day on average during 2008 to 2.261 million on average during 2009)..... This decrease was an outcome of the drop in the average weighted export price of the equivalent barrel of Kuwait refined petroleum by \$39.16 or 37.9% to reach \$64.09 during 2009, against \$103.25 during 2008 on the one hand, and the increase in Kuwaiti petroleum refineries' production by 69.43 thousand barrels equivalent per day or 7.7% to reach 965.51 thousand barrels equivalent per day on average during 2009, against 896.08 thousand barrels equivalent per day on average during 2008 on the other hand."

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.

<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

This information is not included in the BOP document released by the Central Bank.

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.

<http://www.cbk.gov.kw/WWW/index.html>

This information is not mentioned in the Annual Reports published by the CB, including this one.

#### References:

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

"Economic Report 2009". Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.

<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.

<http://www.cbk.gov.kw/WWW/index.html>

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### 2.2D.020.c: Information on prices

Score: A B  C D E

**Comments:**

See previous comment.

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

"Economic Report 2009". Kuwait Central Bank.  
<http://www.cbk.gov.kw/WWW/index.html>

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.  
<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.  
<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

**2.2D.020.d: Value of resource exports**

**Score:** (A) B C D E

**Comments:**

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.  
<http://www.cbk.gov.kw/PDF/BOP2011.pdf>  
Shows oil exports in millions of dinar for 2009-2011.

"Economic Report 2009". Kuwait Central Bank.  
<http://www.cbk.gov.kw/WWW/index.html>

Pg. 27: "On the other hand, a decline was witnessed during 2009 in the value of merchandise imports (on f.o.b. basis) of the State of Kuwait to reach KD 4916 million, against KD 6167 million during 2008, i.e. a decrease by KD 1251 million (13.5%). This decline mainly reflected the decrease in the average export prices of Kuwaiti oil (crude and refined petroleum and liquefied gas) during 2009, which caused oil exports to drop to KD 13415 million during 2009, against KD 22200 million during 2008, i.e. a decline by KD 8785 million or 39.6%."

"Data for January - March 2012, Table 35: Summary of Foreign Trade" Quarterly Statistics. Central Bank. Accessible via: <http://www.cbk.gov.kw/cbkweb/servlet/cbkmain?Action=qtbl&archive=20120103&tbl=RQ35>  
Total value of oil exports is available on a quarterly basis from the above link.

"Data for January - March 2012, Table (A): Key Economic and Monetary Indicators" Quarterly Statistics. Central Bank. Accessible via: <http://www.cbk.gov.kw/cbkweb/servlet/cbkmain?Action=qtbl&archive=20120103&tbl=RQKEMI>  
Total value of oil exports is available on a quarterly basis

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.  
<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.  
<http://www.cbk.gov.kw/WWW/index.html>

"Data for January - March 2012, Table 35: Summary of Foreign Trade" Quarterly Statistics. Central Bank. Accessible via: <http://www.cbk.gov.kw/cbkweb/servlet/cbkmain?Action=qtbl&archive=20120103&tbl=RQ35>

"Data for January - March 2012, Table (A): Key Economic and Monetary Indicators" Quarterly Statistics. Central Bank. Accessible via:

<http://www.cbk.gov.kw/cbkweb/servlet/cbkmain?Action=qtbl&archive=20120103&tbl=RQKEMI>

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### 2.2D.020.e: Estimates of investment in exploration and development

Score: A B C **(D)** E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.  
<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.  
<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.  
<http://www.cbk.gov.kw/WWW/index.html>

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### 2.2D.020.f: Production costs

Score: A B C **(D)** E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.  
<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.  
<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.  
<http://www.cbk.gov.kw/WWW/index.html>

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### 2.2D.020.g: Names of companies operating in country

Score: A B C **(D)** E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.  
<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.  
<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.  
<http://www.cbk.gov.kw/WWW/index.html>

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### 2.2D.020.h: Production data by company and/or block

Score: A B C **(D)** E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.

<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.

<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

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**2.2D.020.i: Cost of subsidies or social investments paid by mineral revenue**

**Score:** A B C  D E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.

<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.

<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

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2.2D.020.j Does the Central Bank publish information on disaggregated revenue streams?

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**2.2D.020.j1: Production streams value**

**Score:** A B C  D E

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.

<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.

<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

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**2.2D.020.j2: Government s share in PSC**

**Score:** A B C D  E

**Comments:**

The score is N/A; please refer to questions 1.1.003; 1.1.004 and others to confirm that there are no PSCs in Kuwait's extractive industry.

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**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Questions 1.1.003; 1.1.004

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.

<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.

<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

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**2.2D.020.j3: Royalties**

**Score:** A B C D  E

**Comments:**

See 2.2A.020.j3 for a discussion of royalties.

**References:**

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait" Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.

<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.

<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

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**2.2D.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)**

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2D.020.j5: Dividends**

**Score:** A B C D  E

**Comments:**



As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2D.020.j6: Bonuses**

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2D.020.j7: License fees**

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2D.020.j8: Acreage fees**

**Score:** A B C D  E

**Comments:**

As noted in 2.2A.020.j3, this revenue stream ceased to apply when Kuwait's oil industry was nationalized.

**References:**

n/a

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**2.2D.020.j9: Other (Explain in 'comments' box.)**

**Score:**  A B C D E

**Comments:**

"Economic Report 2009". Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

[This is the most recent Economic Report available online]

Quote, pg. 15: "Bank credit increased by KD 1436.9 million or 6.1% as the balances of the utilized cash portion of credit facilities extended by local banks to the various domestic economic sectors reached KD

25104.5 million at end of 2009, compared to KD 23667.6 million at end of 2008, recording a rise of 17.5% during that year. This rise was the outcome of the increase of credit utilization in a number of sectors such as the Real-Estate sector (26.3% of the total facilities) by KD 631.7 million or 10.6%, the Personal Facilities sector (33.4% of the total) by KD 526 million or 6.7%, the Non-Bank Financial Institutions sector (11.5% of the total) by KD 134.7 million or 4.9%, the Crude Oil and Natural Gas sector (0.9% of the total) by KD 106.8 million or 96.3%,...”

Pg. 24: “The closing accounts of ministries and governmental bodies for the fiscal year 2008/09 indicate higher actual budgetary revenues collected during that fiscal year by KD 1983.2 million or 10.4% reaching KD 21005.8 million, against KD 19022.6 million during the fiscal year 2007/08. This rise resulted from the increase in actual budgetary oil revenues by KD 1991.2 million or 11.2%% (to KD 19710.7 million, against KD 17719.5 million for the previous fiscal year), and the decrease in actual budgetary non-oil revenues by KD 8 million or 0.6% (to KD 1295.1 million, compared to KD 1303.1 million for the previous fiscal year).”

Pg 26: “The report indicates that the actual budgetary revenues collected during that period of fiscal year 2009/10 dropped to KD 12902.9 million, compared to KD 18554.4 million collected during the corresponding period of the previous fiscal year, i.e. a decrease by KD 5651.5 million or 30.5%. The major portion (95.5%) of this decrease resulted from the drop in actual budgetary oil revenues collected during the period (April-December 2009) to KD 12178.6 million, against KD 17574.9 million during the corresponding period of the previous fiscal year 2008/09, i.e. a decrease of KD 5396.3 million or 30.7%.”

GDP of the oil sector at current and fixed prices are shown on page 32

“Data for January - March 2012, Table 48: Gross Domestic Products at Current Prices” Quarterly Statistics. Central Bank. Accessible via:

<http://www.cbk.gov.kw/cbkweb/servlet/cbkmain?Action=qtbl&archive=20120103&tbl=RQ48v>  
GDP shown for oil&gas and mining&quarrying sectors.

#### References:

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

“Economic Report 2009”. Kuwait Central Bank.

<http://www.cbk.gov.kw/WWW/index.html>

“Data for January - March 2012, Table 48: Gross Domestic Products at Current Prices” Quarterly Statistics. Central Bank. Accessible via:

<http://www.cbk.gov.kw/cbkweb/servlet/cbkmain?Action=qtbl&archive=20120103&tbl=RQ48v>

## 2.2D Quality of reports

### 2.2D.021: Are periodical reports containing information on revenue generation published by the Central Bank understandable?

Score: A (B) C D E

#### Comments:

The publications such as the Statistical Bulletins include a few short notes on where the data is derived from. The CBK Monthly Statistics includes an overview which provides "Definitions of Monetary Variables, Symbols and Notes" with 19 terms, as well as 3 methodology notes. The economic and annual reports include large narrative explanations which compare data to previous years or to significant periods, contain definitions, etc. However, the information is not comprehensive, nor does it provide explanations of statistical techniques.

#### References:

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.

<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.  
<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.  
<http://www.cbk.gov.kw/WWW/index.html>

Quarterly Statistics. Central Bank. Accessible via:  
<http://www.cbk.gov.kw/cbkweb/servlet/cbkmain?Action=qtbl&archive=20120103&tbl=RQ29>

### 2.2D.022: How often are the periodical reports containing information on revenue generation published by the Central Bank?

Score:  A  B  C  D  E

#### Comments:

The Central Bank creates several types of publications, including Quarterly Statistical Reports. The QRs are updated monthly and are current on the website. For these reasons, I have marked the answer as "published at least quarterly".

#### References:

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Thirty-Ninth Annual Report 2010/2011. Central Bank of Kuwait.  
<http://www.cbk.gov.kw/WWW/index.html>

"Balance of Payments of Kuwait\*" Kuwait Central Bank. For 2011, published in 2012.  
<http://www.cbk.gov.kw/PDF/BOP2011.pdf>

"Economic Report 2009". Kuwait Central Bank.  
<http://www.cbk.gov.kw/WWW/index.html>

Quarterly Statistics. Central Bank. Accessible via:  
<http://www.cbk.gov.kw/cbkweb/servlet/cbkmain?Action=qtbl&archive=20120103&tbl=RQ29>

2.2E.020 Does any other government agency or entity publish information on revenue generation?

### 2.2E.020.a: Reserves

Score:  A  B  C  D  E

#### Comments:

The questionnaire has listed the governmental institutions that publish information on the extractive industry's production, financial flows, etc. No other government entity publishes such information. (For information on the national oil company, see section 3.2)

#### References:

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

### 2.2E.020.b: Production volumes

Score:  A  B  C  D  E

**References:**N/A

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**2.2E.020.c: Information on prices**Score: A B C D  E**References:**N/A

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**2.2E.020.d: Value of resource exports**Score: A B C D  E**References:**N/A

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**2.2E.020.e: Estimates of investment in exploration and development**Score: A B C D  E**References:**N/A

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**2.2E.020.f: Production costs**Score: A B C D  E**References:**N/A

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**2.2E.020.g: Names of companies operating in country**Score: A B C D  E**References:**N/A

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**2.2E.020.h: Production data by company and/or block**Score: A B C D  E**References:**N/A

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**2.2E.020.i: Cost of subsidies or social investments paid by mineral revenue**

**Score:** A B C D  E

**References:**

N/A

---

2.2E.020.j Does any other government agency or entity publish information on disaggregated revenue streams?

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**2.2E.020.j1: Production streams value**

**Score:** A B C D  E

**References:**

N/A

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**2.2E.020.j2: Government s share in PSC**

**Score:** A B C D  E

**References:**

N/A

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**2.2E.020.j3: Royalties**

**Score:** A B C D  E

**References:**

N/A

---

**2.2E.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)**

**Score:** A B C D  E

**References:**

N/A

---

**2.2E.020.j5: Dividends**

**Score:** A B C D  E

**References:**

N/A

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**2.2E.020.j6: Bonuses**

**Score:** A B C D  E

**References:**

N/A

**2.2E.020.j7: License fees**Score: A B C D  E**References:**

N/A

**2.2E.020.j8: Acreage fees**Score: A B C D  E**References:**

N/A

**2.2E.020.j9: Other (Explain in 'comments' box.)**Score: A B C D  E**References:**

N/A

## 2.2E Quality of reports

**2.2E.021: Are periodical reports containing information on revenue generation published by any other government agency or entity understandable?**Score: A B C D  E**References:**

N/A

**2.2E.022: How often are the periodical reports containing information on revenue generation published by the any other governmental agency or entity?**Score: A B C D  E**References:**

N/A

## 2.2 Public sector balance

**2.2.023: Does the government include the SOC financial balance (its assets and liabilities) within the public sector balance or overall balance of general government in reports to the legislature?**

**Score:** A B C **(D)** E

**Comments:**

The national budget public document is very general. It does not include information on how the SOC balance affects the public sector balance.

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

Quote, pg. 58: "KPC plans to increase oil production by increasing the potential of existing reservoirs and by adding the production of new discoveries. To finance KPC's plan, in February 2010, the Kuwaiti National Assembly approved a budget worth KD 35 billion until 2013/14, where the oil and gas sector's share represents around 84% of the budget..."

Although statements like the above can be found in various IO reports and domestic press releases, information on how the SOC balance affects the public sector balance is not found.

**References:**

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

**2.2.024: Does the government include projections of transactions, accounts of actual spending by the natural resource funds, and their assets and liabilities, within the public sector balance or overall balance of general government in reports to the legislature?**

**Score:** A B C **(D)** E

**Comments:**

The government includes the resource funds within the overall balance of general government, but it does not make public its reports which include projections of transactions and the funds' assets and liabilities. It is illegal to disclose this information.

Please see Question 3.2.2.053

**References:**

no public information.

Please see Question 3.2.2.053

**2.2.025: Does the government provide information on the non resource fiscal balance in its budget proposal?**

**Score:** **(A)** B C

**Comments:**

The government includes information on both the resource and non-resource fiscal balance in its budget proposal and reporting.

**References:**

"Statement of the Minister of Finance On the Economic, Monetary and Financial Conditions And the Draft Budget for the Fiscal Year 2008/2009" State of Kuwait Ministry of Finance, Public Budget Affairs. By His Excellency Mr. Mustafa Jassim Al Shamali, Minister of Finance. Available at: <http://en.mof.gov.kw/Ministerstatements.pdf>


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# Kuwait - RWI Index Questionnaire

## Legal Framework and Practices

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Indicator	Score
2.3 Legal Framework and Practices	62 

### 2.3 Legal Framework and Practices

#### 2.3.026: In the legal framework, what government agencies have authority to collect taxes and payments from resource companies?

Score: A B  C D E

##### Comments:

The Kuwait Petroleum Corporation collects revenues from its subsidiaries, then provides these to the Kuwait Investment Authority.

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via: [http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

Quote: "a. General Reserve Fund (GRF): The GRF is the main treasurer for the Government and receives all revenues (including all oil revenues) from which all State budgetary expenditures are paid..."

All resource-related revenues are given to the Kuwait Investment Authority, which manages national expenditures.

##### References:

"KPC at a Glance". Kuwait Petroleum Corporation website. Accessible via: <http://www.kpc.com.kw/AboutKPC/KPCatGlance/default.aspx>

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via: [http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

#### 2.3.027: Are all resource related revenues, including those collected by state owned companies, regulatory agencies, ministries, special funds or by the tax authority placed in the national treasury?

Score:  A B C D E

##### Comments:

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait" Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

Pg.6: "The primary economic question facing the Kuwaiti government is how to spend its oil revenues. The challenge in distributing government oil rents derives from the fact that there is no final consumer to whom they 'naturally' accrue (Segal forthcoming). In most economic activities the majority of value added gets distributed as wages and profits, most of which is then spent by the recipients in the private sector. In contrast, oil revenues flow directly into the treasury, and their distribution is decided by political means."

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via:

[http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

All resource-related revenues are given to the Kuwait Investment Authority, which manages national expenditures.

National legislation states what percentage of the national budget must be placed into the funds, although it is against the law to disclose information about the fund's financial balance. (Please see section following regarding the Resource Funds.)

**References:**

"About KIA, Overview of Funds". Kuwait Investment Authority website. Accessible via: [http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx)

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait" Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

**2.3.028: Are government officials with a role in the oversight of the oil, gas or mining sector required to disclose information about their financial interest in any extractive activity or projects?**

**Score:** A  B C

**References:**

No evidence for such a requirement was found in the sources used for this questionnaire nor in a general Google search.

**2.3.029: Is there independent external validation of internal controls of agencies in charge of receiving payments from resource companies with the objective of providing assurances of integrity of public funds and sound financial management?**

**Score:**  A B C D E

**Comments:**

The Kuwait Investment Authority receives all revenue from oil companies and distributes those funds via the General Reserve Fund.

"Mission and Principles". Kuwait Investment Authority. Accessible via:

[http://www.kia.gov.kw/En/About\\_KIA/Mission\\_Principles/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Mission_Principles/Pages/default.aspx)

According to LAW NO.47 OF 1982, ESTABLISHING THE PUBLIC INVESTMENT AUTHORITY, Article 11: The Board of directors shall prescribe the annual accountancy rules and procedures.

The advance audit regulations stipulated in the referenced Law No. 30 of 1964, Shall not apply to the works of the Authority, but this is without prejudice to the powers of the Audit Bureau to examine the Authority's account without interference in the conduct of its functions or policy.

The Authority shall have one or more auditor who shall be from the certified accountants and the Board of Directors shall appoint him, upon the nomination by the Minister of Finance, and determine his fees, and he is to audit the accounts of the fiscal year for which he is appointed."

An Internal Auditor is included as part of the staff of the Kuwait Petroleum Corporation.

<http://www.kpc.com.kw/OrganizationalStructure/KPCManagement/default.aspx>

The issue of capacity is a complex one. I could not find few indicators establishing the relative capacity of the auditing authority. The following lists legal and budgetary indicators that I have interpreted to mean the Supreme Audit Institution (SAI) has sufficient capacity:

<http://www.intosaiitaudit.org/mandates/writeups/kuwait.htm>

"There is a financial independence. The National Assembly Chairman has the right to decide on the allocation. The SAI has much control over that process. The law secures the accountability of the SAI...The SAI has powers of requisitioning all records of the auditee departments/organisations to discharge its mandate - Law gives SAI the right to do so. The SAI has powers to enforce or initiate

enforcement action to secure access to needed records which are not produced - Law gives SAI the right to do so. The SAI has the power to seal, seize and search documents and other related items where it is considered necessary for its audit and inspection. Further it has the power to seek testimonials of the persons concerned. This happens through the SAI pre-audit mission. The SAI has powers to instruct government investigating agencies to perform activities considered necessary. The SAI does not have powers to decide on claims of interested persons in connection with official actions, duties and behaviour of persons subject to audit and inspection. The SAI does not have the authority to dispense with, in whole or part, the audit of Federal, Provincial and local Governments accounts and other related matters. The SAI does not have powers to take punitive action and/or impose surcharges. The SAI does not have the powers to access the computer systems of the auditees and download and use electronic data either in site or off site. The SAI does not have the powers to review the development of computer systems by the auditees and suggest controls. The SAI has no role in the appointment and supervision of the other external auditors engaged by auditees for meeting the statutory requirements...The SAI can expend resources budgeted independently - by the Ministry of Finance. The SAI has full independence in forming its workplan. The SAI establishing law gives the President that power. The SAI is subject to an independent audit. The SAI is required to submit a report on its activities to the Head of the State, National Assembly Chairman and the Cabinet."

Two more indicators of capacity in terms of increase in their scope and a well-developed organizational structure:

[http://www.asosai.org/R\\_P\\_accountability\\_control/chapter\\_11\\_kuwait.htm](http://www.asosai.org/R_P_accountability_control/chapter_11_kuwait.htm)

"The SAI employs modern auditing techniques. Its function is no longer confined to a mere accountancy audit or regularity and compliance audit. The role of the SAI has surpassed the traditional control function and extends to the evaluation of the overall performance of public enterprises...The SAI comprises the President, Undersecretary, Assistant Undersecretary and sufficient number of technical staff. However, a vice-president and more than one Undersecretary or Assistant Undersecretary may be appointed according to the needs and requirements. Also, the State Audit Bureau employs the required number of non-technical staff of different categories and grades. The organisational structure consists of departments, controllerships, divisions and sections. These are formed, organised and their number and specialisations defined by resolutions issued by the President himself."

This passage further establishes the authority of the Audit Bureau over SOCs such as the KPC; the KIA; and other institutions:

[http://www.asosai.org/R\\_P\\_accountability\\_control/chapter\\_11\\_kuwait.htm](http://www.asosai.org/R_P_accountability_control/chapter_11_kuwait.htm)

"The State Audit Bureau - the Supreme Audit Institution (SAI) in the State of Kuwait - examines and checks the accounts of every company or establishment in which the government, or any other public legal entity, holds share capital of not less than 50% or guarantees it a minimum level of profit. In addition, all companies having authorisation to utilise or manage a public utility or given concession to exploit one of the natural resources of the state fall under its purview. All such bodies provide the SAI with a copy of their final accounts, their general budgets and a copy of the Minister of Finance report on their financial standing. The State Audit Bureau examines and checks these documents."

### References:

"Mission and Principles". Kuwait Investment Authority. Accessible via:

[http://www.kia.gov.kw/En/About\\_KIA/Mission\\_Principles/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Mission_Principles/Pages/default.aspx)

According to LAW NO.47 OF 1982, ESTABLISHING THE PUBLIC INVESTMENT AUTHORITY, Article 11

"The Economic Development of Kuwait." World Bank, 2002. [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2002/11/16/000178830\\_98101911114743/Rendered/INDEX/multi0page.txt](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2002/11/16/000178830_98101911114743/Rendered/INDEX/multi0page.txt)

Kuwait Petroleum Corporation website

<http://www.kpc.com.kw/OrganizationalStructure/KPCManagement/default.aspx>

INTOSAI Working Group on IT Audit website

<http://www.intosaiitaudit.org/mandates/writeups/kuwait.htm>

Asian Organization of Supreme Audit Institutions.

[http://www.asosai.org/R\\_P\\_accountability\\_control/chapter\\_11\\_kuwait.htm](http://www.asosai.org/R_P_accountability_control/chapter_11_kuwait.htm)

**2.3.030: Does the national audit office (or similar independent organization) report regularly to the legislature on its findings, including an objective analysis of agencies in charge of managing resource revenues, and are these reports published?**

**Score:** (A) B C D E

**Comments:**

A report focusing on oil sector authorities with independent budgets is published at least annually by the Audit Bureau and is distributed to the Emir, President of the National Assembly, and Prime Minister, as well as heads of relevant ministries.

Little information can be found in English or Arabic on the State Audit Bureau's website at <http://new.sabq8.org/> (Arabic) and <http://new.sabq8.org/sabweb/pages/paragraph.aspx?ID=Gfl8CY5Bgd725mh96c3S4oYonmjN0y1vpYWjmBgZmqs=> (English)

[http://www.asosai.org/R\\_P\\_accountability\\_control/chapter\\_11\\_kuwait.htm](http://www.asosai.org/R_P_accountability_control/chapter_11_kuwait.htm)

5.9. AUDIT REPORTS

"The coverage and intensity of the audits vary depending on the internal audit systems adopted in each enterprise. Usually reports prepared by the SAI are of the following nature:

results of pre-audit of public tenders, contracts and engagements which are upwards of the specified monetary limit.

results of post audit which are reported to the respective establishments for necessary action

other reports on matters that the President considers important enough for taking prompt action

special reports to both the legislature and executive at their request

an annual report submitted to the Head of the State and Council of Ministers. Such reports set out the audit findings and the responses of the respective authorities.

5.10. UTILISATION OF AUDIT FINDINGS AND REPORTS

The SAI's reports aim at proper accounting by the public enterprises and the safeguarding of public funds. The reports have assisted many authorities as guidance in evolving their future financial policies.

The SAI ensures prompt reporting to the public enterprise to enable remedial and timely measures to be taken so that the proper financial statements may be presented. The SAI plays a positive and effective role in highlighting certain defects in laws, by-laws and financial directives."

<http://www.intosai.org/uploads/ijgajan10en2.pdf>

Pg. 6: "Annual Report Submitted

Abdulaziz Yousef Al-Adsani, the President of the State Audit Bureau of Kuwait (SAB), submitted his office's report for fiscal years 2008–2009 on the audit of the budget implementation of ministries and government departments, their final accounts, and the relevant authorities that have supplementary and independent budgets. The report was submitted to His Highness the Amir, His Excellency the President of the National Assembly, and His Highness the Prime Minister.

The SAB developed a new mechanism to circulate this annual report to government departments subject to SAB control to enhance cooperation between the two parties and prevent irregularities in the budgets of those departments from recurring. This mechanism is intended to tighten control over the budgets, protect public funds, and fulfill the requirements of laws and development plans. Every minister received a copy of the report, including notes to the concerned authority and its supplementary bodies.

The SAB issues four reports annually: a report on ministries and government departments, a report on authorities with supplementary budgets, a report on oil sector authorities with independent budgets, and a report on investment sector authorities with independent budgets. Copies are provided to those authorities specified in the 1964 law establishing the SAB."

The timeliness of reports is unclear. However, the 2008-2009 audit was reported as already having been published and distributed to the legislature in the January 2010 journal source mentioned above.

**References:**

State Audit Bureau's website at <http://new.sabq8.org/> (Arabic) and

<http://new.sabq8.org/sabweb/pages/paragraph.aspx?ID=Gfl8CY5Bgd725mh96c3S4oYonmjN0y1vpYWjmBgZmqs=>

(English)

Asian Organization of Supreme Audit Institutions.

[http://www.asosai.org/R\\_P\\_accountability\\_control/chapter\\_11\\_kuwait.htm](http://www.asosai.org/R_P_accountability_control/chapter_11_kuwait.htm)

"News in Brief". International Journal of Government Auditing. Published by the International Organization of Supreme Audit Institutions. January 2010.  
<http://www.intosai.org/uploads/ijgajan10en2.pdf>

### 2.3.031: Does a Parliamentary committee scrutinize reports on resource related revenues and, if so, when does this occur?

Score:  A  B  C  D  E

#### Comments:

Article 43 of the Rules and Procedures of the National Assembly mandates Parliamentary scrutiny of reports dealing with resource revenues. As the previous question established, the legislative body does in fact receive such reports for scrutiny. A report focusing on oil sector authorities with independent budgets is published at least annually by the Audit Bureau and is distributed to the Emir, President of the National Assembly, and Prime Minister, as well as heads of relevant ministries. I have assumed that the reports are discussed soon after receipt, as is consistent with the previous year's questionnaire, but I could find no evidence of this.

Article 43 of Internal Regulations of the National Assembly. Published on the National Assembly of Kuwait's website at: (Arabic)

<http://www.kna.kw/clt/run.asp?id=22>

Although Article 43 primarily discusses the composition of the National Assembly, it does mandate that members review reports of the Audit Bureau in areas of their responsibility. There is a Committee on Finance and Economic Affairs which looks at SOCs, Audit Bureau Reports, and trade/finance-related ministries (but not exclusively the natural resources ministry). However, it would be unavoidable to discuss resource-related revenue reports when looking at SOCs, the MOF, Central Bank, etc.

Little information can be found in English or Arabic on the State Audit Bureau's website at <http://new.sabq8.org/> (Arabic) and <http://new.sabq8.org/sabweb/pages/paragraph.aspx?ID=GfI8CY5Bgd725mh96c3S4oYonmjN0y1vpYWjmBgZmqs=> (English)

[http://www.asosai.org/R\\_P\\_accountability\\_control/chapter\\_11\\_kuwait.htm](http://www.asosai.org/R_P_accountability_control/chapter_11_kuwait.htm)  
 Cited in previous question

<http://www.intosai.org/uploads/ijgajan10en2.pdf>  
 Cited in previous question

As noted, the timeliness of reports is unclear. However, the 2008-2009 audit was reported as already having been published and distributed to the legislature in the January 2010 journal source mentioned above.

#### References:

[http://www.kia.gov.kw/En/About\\_KIA/Tansparency/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Tansparency/Pages/default.aspx)

Article 43 of Internal Regulations of the National Assembly. Published on the National Assembly of Kuwait's website at: (Arabic)  
<http://www.kna.kw/clt/run.asp?id=22>

State Audit Bureau's website at <http://new.sabq8.org/> (Arabic) and <http://new.sabq8.org/sabweb/pages/paragraph.aspx?ID=GfI8CY5Bgd725mh96c3S4oYonmjN0y1vpYWjmBgZmqs=> (English)

Asian Organization of Supreme Audit Institutions.  
[http://www.asosai.org/R\\_P\\_accountability\\_control/chapter\\_11\\_kuwait.htm](http://www.asosai.org/R_P_accountability_control/chapter_11_kuwait.htm)

"News in Brief". International Journal of Government Auditing. Published by the International Organization of Supreme Audit Institutions. January 2010.

<http://www.intosai.org/uploads/ijgajan10en2.pdf>

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### 2.3.032: Is this country an EITI candidate or compliant country?

**Score:** A B C  D E

**Comments:**

Kuwait is not an EITI candidate or compliant country.

**References:**

<http://eiti.org/candidatecountries>

"Countries". Extractive Industries Transparency Initiative website at <http://eiti.org/countries>

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# Kuwait - RWI Index Questionnaire

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Indicator	Score
3.1.1	Context 67 

3.1.1 Context

### 3.1.1.033: Is there a state-owned company? If so, what is its role in the extractive sector?

Score: A  B  C  D  E

#### Comments:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)  
Quote, pg 57-58: "The KPC, established in 1980, is the main operational entity responsible for Kuwait's hydrocarbon interests throughout the world. It is a state-owned holding corporation of ten specialized subsidiaries in Kuwait and worldwide, encompassing all aspects of the hydrocarbon industry (Table IV.1). Although state-owned, the KPC is run by an independent management team and Board of Directors.

KPC and its subsidiary companies benefit from certain exclusive concessionary rights and privileges in the oil and gas subsector. For example, downstream petroleum activities (i.e. processing of crude oil to fuel) are fully controlled and owned by KNPC, while the exploration and production of natural gas are the sole responsibility of KOC"

The source further lists on page 58 two subsidiaries of the KPC that are responsible for foreign upstream and extraction operations (Kuwait Foreign Petroleum Exploration Company (KUFPEC)) and foreign downstream operations (Kuwait Petroleum International (KPI)).

Quote, pg 62: "The Petrochemical Industries Company (PIC), a subsidiary of KPC, and a petrochemical conglomerate, is in charge of the petrochemical industry in Kuwait. The PIC has joint-ventures with several national and foreign companies to produce diverse petrochemical products (Table IV.6). In addition, the PIC owns two fertilizer plants for the production of ammonia and urea and one polypropylene plant." Page 63 then goes on to list the various JVs, ownership structure/percentage shares and roles/responsibilities.

However, there is indication that the sector is studying and experimenting with methods of privatization:

"KPC provides opportunities for private sector to possess and manage oil sectors activities" Al-Naft Magainze printed by the Ministry of Oil. 11/01/2010 edition. <http://www.moo.gov.kw/magazine/en/>  
Quote: "Kuwait Petroleum Corporation (KPC) confirmed its eagerness to involve the private sector in possession and running some activities in the oil sector through a specialized program so as to be able to be devoted to its principal role in the oil field. The corporation indicated that this program is aimed to activate the role of the private sector in the developmental role of the oil sector," The article then makes several references to various strategic plans, such as the 2013 and the 2030 plans.

#### References:

<http://www.kpc.com.kw/AboutKPC/KPCMission/default.aspx>

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

"KPC provides opportunities for private sector to possess and manage oil sectors activities" Al-Naft Magainze printed by the Ministry of Oil. 11/01/2010 edition. <http://www.moo.gov.kw/magazine/en/>

**3.1.1.034: How is government ownership of resource companies structured in this country?**Score: **A** B C D E**Comments:**

The SOCs are owned by the government. Although the Boards/heads are called "independent" this questionnaire has established that the SOCs are controlled in other ways by the government, such as needing to submit requests to the government for budgets and projects that go through several stages of review before approval. The answer is therefore "A" (controlled and owned by government).

**References:**

<http://www.kpc.com.kw/AboutKPC/KPCMission/default.aspx>

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

"KPC provides opportunities for private sector to possess and manage oil sectors activities" Al-Naft Magazine printed by the Ministry of Oil. 11/01/2010 edition. <http://www.moo.gov.kw/magazine/en/>

**3.1.1.035: Is there more than one state-owned company (SOC) operating in the extractive sector?**Score: **A** B C**Comments:**

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

Quote, pg 57-58: "The KPC, established in 1980, is the main operational entity responsible for Kuwait's hydrocarbon interests throughout the world. It is a state-owned holding corporation of ten specialized subsidiaries in Kuwait and worldwide, encompassing all aspects of the hydrocarbon industry (Table IV.1). Although state-owned, the KPC is run by an independent management team and Board of Directors.

KPC and its subsidiary companies benefit from certain exclusive concessionary rights and privileges in the oil and gas subsector. For example, downstream petroleum activities (i.e. processing of crude oil to fuel) are fully controlled and owned by KNPC, while the exploration and production of natural gas are the sole responsibility of KOC"

The source further lists on page 58 two subsidiaries of the KPC that are responsible for foreign upstream and extraction operations (Kuwait Foreign Petroleum Exploration Company (KUFPEC)) and foreign downstream operations (Kuwait Petroleum International (KPI)).

Quote, pg. 60: "Downstream petroleum activities (i.e. the processing of crude oil to fuel) are fully controlled and owned by the Kuwait National Petroleum Company (KNPC), a subsidiary of KPC... Petroleum products are shipped through pipelines from the refineries to two main storage depots (Sabhan and Al-Ahmadi). They are reaching domestic consumers through 99 filling stations across the country. The distribution and the storage facilities are fully controlled and owned by KNPC. Some gas stations have been privatized... Kuwait Petroleum International (KPI), known as Q8, manages KPC's refining and marketing operations internationally, with approximately 4,000 retail stations across six European countries "

Quote, pg 62: "The Petrochemical Industries Company (PIC), a subsidiary of KPC, and a petrochemical conglomerate, is in charge of the petrochemical industry in Kuwait. The PIC has joint-ventures with several national and foreign companies to produce diverse petrochemical products (Table IV.6). In addition, the PIC owns two fertilizer plants for the production of ammonia and urea and one polypropylene plant." Page 63 then goes on to list the various JVs, ownership structure/percentage shares and roles/responsibilities.

**References:**

<http://www.kpc.com.kw/AboutKPC/KPCMission/default.aspx>



"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

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### 3.1.1.036: Do the roles and responsibilities of the SOC include provision of subsidies or social expenditures (quasi-fiscal activities)?

Score: A (B) C

#### Comments:

Although considerable rent distribution occurs in Kuwait, this is not done by the SOC directly but instead once revenues have been deposited with the State. The only activity that perhaps could be considered quasi-fiscal is the "Kuwaitization" programme.

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait" Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

Pg. 6-7: "The primary economic question facing the Kuwaiti government is how to spend its oil revenues. The challenge in distributing government oil rents derives from the fact that there is no final consumer to whom they 'naturally' accrue (Segal forthcoming). In most economic activities the majority of value added gets distributed as wages and profits, most of which is then spent by the recipients in the private sector. In contrast, oil revenues flow directly into the treasury, and their distribution is decided by political means....These channels comprise fiscal policies that determine the distribution of the current benefits of oil rents. But Kuwait, like a number of resource-rich countries, also saves a share of oil receipts in the form of a sovereign wealth fund, named the Reserve Fund for Future Generations (RFFG). Sovereign wealth funds are at heart also a component of distributional policy in that they distribute the benefits of today's oil revenues to future generations...."

The government distributes revenues through "domestic public investment, land purchases, public transfer payments, subsidies, public employment, intervention in the private sector, the regulation of Kuwait's FDI environment and, finally, investment abroad. It is important to note that some of these channels do not involve direct distribution of resources, but rather involve the creation of regulatory rents which benefit certain sections of the society."

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Reports mention "Kuwaitization" of the company. This could be considered a type of quasi-fiscal activity as it is promoted by the government and implemented by the SOCs. However, no other type of quasi-fiscal activities are mentioned.

#### References:






<http://www.kpc.com.kw/AboutKPC/KPCMission/default.aspx>

"Anatomy of an oil-based welfare state: Rent distribution in Kuwait" Laura El-Katiri, Bassam Fattouh and Paul Segal. LSE Global Governance. Jan 2011.

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Indicator		Score	
3.2.1	Comprehensive reports	100	
3.2.2.038	Does the SOC publish information on revenue generation?	89	
3.2.3.038.j	Disaggregated Revenue Streams	28	
3.2.4	Quality of reports	83	
3.2.5.043	Audited reports	100	

## 3.2.1 Comprehensive reports

### 3.2.1.037: Does the SOC publish comprehensive reports with information about its operations and subsidiaries?

Score:  A  B  C  D  E

#### Comments:

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

Quote, pg 35: "The KPC and its affiliates, in comparison with many NOCs, do produce fairly comprehensive information on a regular basis. Annual reports include audited accounts."

Subsidiaries list can be found on the Kuwait Petroleum Corporation website: [www.kpc.com.kw](http://www.kpc.com.kw) and reports for each can be found on their respective websites.

The KPC Annual Report 2009/2010 in particular can be found here:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

It includes their profit and loss statements.

#### References:

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007

Subsidiaries list can be found on the Kuwait Petroleum Corporation website: [www.kpc.com.kw](http://www.kpc.com.kw)

The KPC Annual Report 2009/2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

## 3.2.2.038 Does the SOC publish information on revenue generation?

### 3.2.2.038.a: Reserves

Score:  A  B  C  D  E

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

The KPC Annual Report 2009/2010 in particular can be found here:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>  
Oil and gas reserves are available on page 72, but these figures are unaudited.

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>  
Pg. 70: Proved and probable reserves are shown.

---

**3.2.2.038.b: Production volumes**

**Score:** (A) B C D E

**Comments:**

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

Quote, pg 33: "The official plans of the sector through 2020 are detailed in a strategic plan. Goals include increasing crude-producing capacity from 2.6 million barrels per day (mb/d) in 2005 to 4 mb/d by 2020.<sup>24</sup> Downstream, the strategy envisages increasing refinery capacity to 1 mb/d, including deep conversion by 2010 (a process of carbon extraction to increase the yield in lighter products), further increasing to 1.5 mb/d by 2020.<sup>25</sup> The rest of the KPC's subsidiaries have targets expressed as nonquantified aspirations.<sup>26</sup> <sup>25</sup>The KPC report actually says 2010, but this appears to be a typographic error.<sup>26</sup> The only exception is for the Kuwait Foreign Exploration Company (KUFPEC), where it is stated overseas production should reach 100,000 b/d by 2010 and 200,000 b/d by 2020."

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>  
Pg 3- gas and oil production volumes  
Pg 6- elaboration on gas production volumes

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>  
Production volumes are listed in the financial statement notes and described in the narrative preceding these notes.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

---

**3.2.2.038.c: Information on prices**

**Score:** (A) B C D E

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

Pg. 16

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

Pg. 26

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### 3.2.2.038.d: Value of resource exports

Score: (A) B C D E

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

Pg. 26

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### 3.2.2.038.e: Estimates of investment in exploration and development

Score: (A) B C D E

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

Pg 5

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

Pg. 5 investment in total assets

Pg. 6 mentions capital expenses to increase production capacity

Pg 57: Lists investments by company, including percent ownership, assets, liabilities, revenues and expenses, profit/loss

---

### 3.2.2.038.f: Production costs

Score: (A) B C D E

**Comments:**

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

Quote, pg 36: Indicates that the Kuwait Oil Company (KOC) Annual Report publishes yearly data on production costs in dollars per barrel.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

Pgs 29, 53, amount reimbursed by the government (these costs are reimbursable)

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

Pg. 6 mentions capital expenses to increase production capacity, production costs are listed elsewhere in document

---

### 3.2.2.038.g: Names of companies operating in country

Score:  A  B  C  D  E

**Comments:**

Subsidiaries list can be found on the Kuwait Petroleum Corporation website: [www.kpc.com.kw](http://www.kpc.com.kw).

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

Kuwait Petroleum Corporation website: [www.kpc.com.kw](http://www.kpc.com.kw)

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

Pgs 69-71

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

Company names are listed throughout the report.

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### 3.2.2.038.h: Production data by company and/or block

Score:  A  B  C  D  E

**Comments:**

There is some information on this, but not systematic, for example:

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

Pg. 6 – lists the production data for this particular company.

The same is true for KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

I have marked the answer as “not available” because it does not systematically list data for each company and by block.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>, p. 6

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

---

### 3.2.2.038.i: Quasi fiscal activities

Score: (A) B C D E

**Comments:**

Both the Annual Reports mention "Kuwaitization" of the company. This could be considered a type of quasi-fiscal activity as it is promoted by the government and implemented by the SOCs. However, no other type of quasi-fiscal activities are mentioned.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

---

### 3.2.3.038.j Disaggregated Revenue Streams

#### 3.2.3.038.j1: Production streams value

Score: (A) B C D E

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

See financial statements

---

#### 3.2.3.038.j2: Government s share in PSC

Score: A B C D (E)

**Comments:**

N/A. PSCs are not used in this system, however:

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

Percentage ownership in JVs is shown

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

However, percent ownership in JVs is shown on page 33, page 57 and in the financial statements and notes.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

[http://www.kpc.com.kw/MediaCentre/Publications/Annual%](http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf)

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

**3.2.3.038.j3: Royalties****Score:** A B C D **(E)****Comments:**

Royalties are not used in Kuwait's extractive industries, as per previous questions. This information was further not found in the sources.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

---

**3.2.3.038.j4: Special taxes****Score:** A **(B)** C D E**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>  
Pg. 49: Income taxes are published.

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>  
This information is not published.

---

**3.2.3.038.j5: Dividends****Score:** A B C **(D)** E**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>  
This information is not published.

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>  
This information is not published.

---

**3.2.3.038.j6: Bonuses****Score:** A B C **(D)** E**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:  
<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>  
This information is not published.

KPC Annual Report 2008-2009:  
<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>  
This information is not published.

---

### 3.2.3.038.j7: License fees

**Score:** A B C  D E

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:  
<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>  
This information is not published.

KPC Annual Report 2008-2009:  
<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>  
This information is not published.

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### 3.2.3.038.j8: Acreage fees

**Score:** A B C  D E

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:  
<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>  
This information is not published.

KPC Annual Report 2008-2009:  
<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>  
This information is not published.

---

### 3.2.3.038.j9: Other (Describe below)

**Score:** A B C D  E

**Comments:**

N/A

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:  
<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:  
<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>



### 3.2.4 Quality of reports

---

#### 3.2.4.039: Are the reports published by the state owned company understandable?

Score:  A  B  C  D  E

**Comments:**

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.  
Quote, pg 35: "The KPC and its affiliates, in comparison with many NOCs, do produce fairly comprehensive information on a regular basis. Annual reports include audited accounts."

The Annual Reports contain a large amount of narrative in addition to numerous meaningful tables. It defines terms, includes information on methodology, etc.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

---

#### 3.2.4.040: How often are the reports or statistical databases containing information on revenue generation published by the state owned company?

Score:  A  B  C  D  E

**Comments:**

The reports are published annually.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

---

#### 3.2.4.041: If the SOC is involved with quasi fiscal activities, does it publish information about them?

Score:  A  B  C

**Comments:**

The only activity the SOC carries out that could be considered quasi-fiscal is prioritizing the employment of Kuwaitis above non-nationals. It does not publish comprehensive information about this, but does include percentage of total work force and total number of Kuwaitis versus non-Kuwaitis in its Annual Reports.

Annual Reports mention "Kuwaitization" of the company. This could be considered a type of quasi-fiscal

activity as it is promoted by the government and implemented by the SOCs. However, no other type of quasi-fiscal activities are mentioned.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

**3.2.4.042: If there are joint ventures, does the SOC (or government) publish information on its share of costs and revenues deriving from its equity participation in joint ventures?**

Score:  A  B  C

**Comments:**

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)  
See passages on "Project Kuwait" quoted in 1.1.002.

Pg. 59: "In addition to local oil production, Kuwait is engaged in crude oil and natural gas exploration, development, and production in 15 countries in Africa, the Middle East, and Asia, through the Foreign Petroleum Exploration Company (KUFPEC). A subsidiary of KPC, KUFPEC is an international oil company, which participates in joint ventures with companies in oil and gas exploration and production both as an operator and partner. In 2009, KUFPEC's total operating revenue amounted to US\$820.9 million, of which oil and condensate represented 47.7%, while gas accounted for 52.3%. Total investments amounted to US\$760 million in 2010. According to the authorities, KUFPEC aims to produce around 100,000 barrels per day (oil equivalent) of crude oil by 2015."

Quote, pg 62: "The Petrochemical Industries Company (PIC), a subsidiary of KPC, and a petrochemical conglomerate, is in charge of the petrochemical industry in Kuwait. The PIC has joint-ventures with several national and foreign companies to produce diverse petrochemical products (Table IV.6). In addition, the PIC owns two fertilizer plants for the production of ammonia and urea and one polypropylene plant." Page 63 then goes on to list the various JVs, ownership structure/percentage shares and roles/responsibilities. It does not, however, explicitly list the share of costs and revenues."

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

p. 71: Percentage ownership in JVs is shown. However, only "principal" JVs are identified. Information regarding assets, liabilities, income and expenses is only provided on an aggregated basis and does not seem to include JVs where KPC has less than a 50% stake.

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

Percent ownership in JVs is shown on page 33, page 57 and in the financial statements and notes.

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

3.2.5.043 Audited reports

**3.2.5.043.a: Is the SOC subject to annual audits conducted by an independent external auditor to ensure that the financial statements represent the financial position and performance of the company?**

**Score:** (A) B C D E

**Comments:**

The Annual Reports are audited by an external auditor, who provides their information within the report.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007. p. 35.

---

**3.2.5.043.b: Are SOC audited reports published?**

**Score:** (A) B C D E

**Comments:**

The Annual Reports are audited by an external auditor, who provides their information within the report.

**References:**

<http://www.kpc.com.kw/MediaCentre/Publications/default.aspx>

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>


KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

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Indicator	Score
3.3.1 Legal Framework and Practice	50 

## 3.3.1 Legal Framework and Practice

### 3.3.1.044: Does the SOC have a legal obligation to publish financial reports?

Score: A  B C

**Comments:**

The SOC does publish reports, although it does not seem to have a legal obligation to do so.

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

"2.11 As for monitoring and oversight, the KPC produces an annual report that, by the standards of many national oil companies (NOCs), is quite detailed. The KPC also produces an audited set of accounts. Furthermore, because of pressure from the National Assembly, considerable amounts of material are disclosed, generally not on a consistent or regular basis, but rather in response to specific requests from National Assembly members and their committees. The KPC's overseas operations are not as well-documented, raising the suspicion that investments outside of Kuwait are carried out to deepen the information asymmetries between the principal and the agent."

**References:**

<http://www.kpc.com.kw/AboutKPC/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm), p. 57

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

### 3.3.1.045: Does the SOC follow internationally recognized accounting standards?

Score:  A B C

**Comments:**

2009-2010 KPC report, p. 29: "The consolidated financial statements have been prepared in accordance with Law Decree No. 6 of 1980 and International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (IASB)."

**References:**

<http://www.kpc.com.kw/AboutKPC/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

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### 3.3.1.046: Do SOC audits include consolidated accounts that cover all of the SOC subsidiaries?

Score:  A  B  C

#### Comments:

The annual reports show records of consolidated accounts for all of its subsidiaries.

#### References:

<http://www.kpc.com.kw/AboutKPC/default.aspx>

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.

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### 3.3.1.047: Are officials of the SOC required to disclose information about their financial interest in any oil, gas or mining projects?

Score:  A  B  C

#### Comments:

Such a requirement could not be found in the varied sources referenced by this questionnaire.

KPC Annual Report 2009-2010:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2010-eng.pdf>

KPC Annual Report 2008-2009:

<http://www.kpc.com.kw/MediaCentre/Publications/Annual%20reports/AnnualRep2009-eng.pdf>

#### References:

<http://www.kpc.com.kw/AboutKPC/default.aspx>

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### 3.3.1.048: Does the SOC publish information on the composition of its Board of Directors?

Score:  A  B  C

#### Comments:

"TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization. Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)  
Quote, pg. 57: "The Supreme Petroleum Council (SPC) is the highest policy body that oversees Kuwait's overall petroleum and gas sector. The Council sets general oil and gas policy within the framework of the national economic and social development plan; it is chaired by the Prime Minister and meets at least four times a year. The Ministry of Oil is the main regulator of the oil and gas sector and exercises policy-making powers in conjunction with the SPC. The Minister of Oil oversees the Kuwait Petroleum Corporation (KPC), chairs its Board of Directors, and is a member of the Supreme Petroleum Council."

**References:**

KPC Board Members. Kuwait Petroleum Co. website:  
<http://www.kpc.com.kw/OrganizationalStructure/KPCBoardMembers/default.aspx>  
The names and pictures of KPC's Board is published on the KPC website.

TRADE POLICY REVIEW Report by the Secretariat - THE STATE OF KUWAIT" World Trade Organization.  
Jan 4 2012. Full text available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp358\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp358_e.htm)

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**3.3.1.049: Does the SOC publish information about the rules governing decision making by the Board of Directors?**

**Score:** A  B  C

**Comments:**

No information about rules governing decision-making are published on the KPC website.

**References:**

<http://www.kpc.com.kw/OrganizationalStructure/default.aspx>

KPC Board Members. Kuwait Petroleum Co. website:  
<http://www.kpc.com.kw/OrganizationalStructure/KPCBoardMembers/default.aspx>

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