









# RWI Index Questionnaire: Saudi Arabia 2012

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# Saudi\_Arabia - RWI Index Questionnaire

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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:

Yes. The Saudi Arabian Monetary Agency (SAMA), which is the central bank, holds the majority of this countries excess revenue from oil as foreign assets reserves. See below:

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

Quote, pg 14: "The recent increase in oil prices may signal the need for an oil stabilization fund. Among oil exporting countries, Saudi Arabia is probably one of the few countries that does not possess a Sovereign Wealth Fund (SWF). Instead, official foreign assets are held separately and are managed rather conservatively by SAMA (mostly in the form of fixed income securities in the US). The issue of setting up a SWF has been downplayed, given the collapse of global financial markets and asset prices. However, the prospect of higher oil prices has opened the door again for such a fund. Last year, the Saudi authorities approved the creation of an investment company, known as Sanabel, with capital of SAR20 billion, and is now expected to start operations by the end of the year. While this marks as an important step, we believe the authorities should consider having an oil stabilization fund of a larger scale. First, there is the necessity of separating the role of monetary policy from fiscal policy. By establishing an oil fund, the central bank will be able to pursue an independent monetary policy to manage domestic liquidity. Second, a stabilization fund can lower the impact of volatile oil revenues on government budget plans, by saving during oil booms and dissaving when oil prices slump. Third, it can be used to diversify investments abroad and reduce the economy's reliance on oil as a source of growth. Finally, it can reduce currency revaluation/devaluation pressures resulting from fluctuations in oil export receipts. But aside from their long-term focus, SWFs in neighboring countries have shown an important stabilizing role at times of financial distress."

"Saudi Arabia" SWF Institute. <http://www.swfinstitute.org/swfs/sama-foreign-holdings/>

Quote: "Origin: Oil. US\$ 532.8\* Billion . Summary: Some of the funds are managed by the Saudi Arabian Monetary Agency (SAMA), the central bank of the Kingdom of Saudi Arabia which was established in 1952. Strategy & Objectives: Many of the surplus oil revenues are invested in low-risk assets, such as sovereign debt instruments."

Additionally the government has created a special investment fund (see <http://www.mof.gov.sa/english/Pages/investment.aspx>), and this fund concentrates revenue directly from oil.

"Public Investment Fund: . Ministry of Finance website at

<http://www.mof.gov.sa/english/Pages/investment.aspx>

Quote: "The Public Investment Fund (PIF) was established by Royal Decree No. M/24, dated 25-06-1391H corresponding to 17-08-1971. The purpose of establishing PIF was to provide financing support to productive projects which are of a commercial nature and are strategically significant for the development of the national economy and cannot be implemented by the private sector alone either because of insufficient experience or inadequate capital resources or both. PIF's primary function is to

finance investments in productive projects having a commercial character whether belonging to the government in total or in partial and its industrial lending institutions, or to public enterprises, and whether these projects are undertaken independently or in partnership between the said administrative authorities and private sector entities."

"Public Investment Fund" SWF Institute. <http://www.swfinstitute.org/swfs/public-investment-fund/>  
Quote: "US\$ 5.3 Billion . Origin: Oil. Summary: The Public Investment Fund (PIF) was originally established in 1971 to facilitate the development of the Saudi Arabian national economy. In 1974, PIF was mandated to hold equity positions in joint-stock ventures within its domestic economy. In 2008, PIF will manage and fully own a new sovereign wealth fund. The new SWF managed by the PIF will take on a long term investment horizon similar to that of most sovereign wealth funds."

Oil and Governance: State-owned Enterprises and the World Energy Supply". Eds. David G. Victor, David R. Hultz, Mark Thurber. Cambridge University Press, 2012. pgs. 222-223. Available at :  
[http://books.google.com/books?id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)

Another special fund is a Development Fund, and this has a dedicated website. The section for Basic Information about the Fund is here: <http://www.mof.gov.sa/English/Pages/Home.aspx?oldUrl=http%3A%2F%2Fwww%2Emof%2Egov%2Esa%2Fen%2Fdocs%2Fests%2Fsub%5Finvbox%2Ehtm>

[http://www.sfd.gov.sa/webcenter/faces/oracle/webcenter/page/scopedMD/s5dc73d77\\_7324\\_4d08\\_b347\\_444721019cba/Page3.jsp?wc.contextURL=%2Fspaces%2Fsfinternet&\\_afLoop=811091661364604&wc.originURL=%2Fspaces%2Fsfinternet%2Fpage%2FSFD%2BInformation#%40%3F\\_afLoop%3D811091661364604%26wc.originURL%3D%252Fspaces%252Fsfinternet%252Fpage%252FSFD%252BInformation%26wc.contextURL%3D%252Fspaces%252Fsfinternet%26\\_adf.ctrl-state%3Dtqrj9xq1f\\_493](http://www.sfd.gov.sa/webcenter/faces/oracle/webcenter/page/scopedMD/s5dc73d77_7324_4d08_b347_444721019cba/Page3.jsp?wc.contextURL=%2Fspaces%2Fsfinternet&_afLoop=811091661364604&wc.originURL=%2Fspaces%2Fsfinternet%2Fpage%2FSFD%2BInformation#%40%3F_afLoop%3D811091661364604%26wc.originURL%3D%252Fspaces%252Fsfinternet%252Fpage%252FSFD%252BInformation%26wc.contextURL%3D%252Fspaces%252Fsfinternet%26_adf.ctrl-state%3Dtqrj9xq1f_493)  
[This website is only in Arabic]

Since the SAMA fund is by far the largest recipient of oil revenue surplus funds, the RWI index takes into consideration this instrument for its score, adding comments on the Public Investment Fund (PIF) without scoring it.

### References:

"Public Investment Fund: . Ministry of Finance website at <http://www.mof.gov.sa/english/Pages/investment.aspx>

"Public Investment Fund" SWF Institute. <http://www.swfinstitute.org/swfs/public-investment-fund/>

Oil and Governance: State-owned Enterprises and the World Energy Supply". Eds. David G. Victor, David R. Hultz, Mark Thurber. Cambridge University Press, 2012. pgs. 222-223. Available at :  
[http://books.google.com/books?id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

"Saudi Arabia" SWF Institute. <http://www.swfinstitute.org/swfs/sama-foreign-holdings/>

<http://www.mof.gov.sa/English/Pages/Home.aspx?oldUrl=http%3A%2F%2Fwww%2Emof%2Egov%2Esa%2Fen%2Fdocs%2Fests%2Fsub%5Finvbox%2Ehtm> , including something called a Development Fund, and this has a dedicated website. The section for Basic Information about the Fund is here:  
[http://www.sfd.gov.sa/webcenter/faces/oracle/webcenter/page/scopedMD/s5dc73d77\\_7324\\_4d08\\_b347\\_444721019cba/Page3.jsp?](http://www.sfd.gov.sa/webcenter/faces/oracle/webcenter/page/scopedMD/s5dc73d77_7324_4d08_b347_444721019cba/Page3.jsp?)

wc.contextURL=%2Fspaces%2Fsdinternet&\_afrLoop=811091661364604&wc.originURL=%2Fspaces%2Fsdinternet%2Fpage%2FSFD%2BInformation#%40%3F\_afrLoop%3D811091661364604%26wc.originURL%3D%252Fspaces%252Fsdinternet%252Fpage%252FSFD%252BInformation%26wc.contextURL%3D%252Fspaces%252Fsdinternet%26\_adf.ctrl-state%3Dtqrj9xq1f\_493

**Peer Review Comments:**

I note that the special investment fund does not "invest heavily in natural resource extraction", but does invest in the downstream, petrochemicals and midstream segments of the hydrocarbons' value chain.

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

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

**Comments:**

The Saudi Arabian Monetary Authority (SAMA), which is the Central Bank manages the foreign assets fund. The MOF administer Saudi Arabia's smaller funds. Please see question 3.2.1.050 and

"Public Investment Fund:. Ministry of Finance website at

<http://www.mof.gov.sa/english/Pages/investment.aspx>

"The general secretariat assumes the responsibility of receiving and verifying applications and of reviewing and appraising studies conducted by concerned parties of the proposed projects in order to ensure the feasibility and profitability of the projects with respect to the national economy. It also proposes allocations to be earmarked in the budget for the replenishment of PIF resources and approval of its financial position.

The general secretariat prepares the agenda for the board of directors, arranges the studies needed for investment projects, verifies loan applications and guarantees, initiates necessary reports, prepares the financial statement, and the final accounts and activities reports."

**References:**

Please see question 3.2.1.050 and



"Public Investment Fund:. Ministry of Finance website at

<http://www.mof.gov.sa/english/Pages/investment.aspx>

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Indicator		Score
4.2.1	Comprehensive reports	33 
4.2.2.056	Audited reports	67 

## 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:

SAMA holds the surplus oil revenues and invests them in low-risk assets, such as sovereign debt instruments. The Sovereign Wealth Fund institute calculates the size of the central bank's assets by taking Investment in Foreign Reserves + Foreign Currency and Deposits Abroad. Although SAMA publishes an very comprehensive annual report, there are no explicit rules for managing surplus oil revenue.

PIF

"Public Investment Fund: . Ministry of Finance website at <http://www.mof.gov.sa/english/Pages/investment.aspx>

No, the website does not publish rules for the fund's deposits and withdrawals, much less formulas. It simply states the general principle is "to provide financing support to productive projects which are of a commercial nature and are strategically significant for the development of the national economy and cannot be implemented by the private sector alone either because of insufficient experience or inadequate capital resources or both".

The Gulf Base source used in the last questionnaire is a private company that is not contracted by SAMA (list of clients here: <http://www.gulfbase.com/Home/Page?pageID=20>) and so its information is not included in questions that ask whether the fund management publishes information about the fund.

#### References:

SAMA annual reports:

<http://www.sama.gov.sa/sites/samaen/ReportsStatistics/Pages/AnnualReport.aspx>

2011 Report:

[http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500\\_R\\_Annual\\_En\\_47\\_2011\\_10\\_27.pdf](http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500_R_Annual_En_47_2011_10_27.pdf)

"Public Investment Fund: . Ministry of Finance website at

<http://www.mof.gov.sa/english/Pages/investment.aspx>

Gulf Base source: <http://www.gulfbase.com/Home/Page?pageID=20>

### 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:**

SAMA publishes in its annual report p. 243 ([http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500\\_R\\_Annual\\_En\\_47\\_2011\\_10\\_27.pdf](http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500_R_Annual_En_47_2011_10_27.pdf)) the annual change on their Investment in Foreign Securities and Foreign Currency and Deposits Abroad. However, there is no explicit reporting on management of these funds.

Public Investment Fund: . Ministry of Finance website at <http://www.mof.gov.sa/english/Pages/investment.aspx>  
The source merely lists the total amount of loans provided from the fund for FY 2011.

SWF Institute provides information on total assets, but this is not linked to or published on the SAMA or MOF website.

"Saudi Arabia" SWF Institute. <http://www.swfinstitute.org/swfs/sama-foreign-holdings/>

**References:**

SAMA Annual Reports.

Public Investment Fund: . Ministry of Finance website at <http://www.mof.gov.sa/english/Pages/investment.aspx>  
"Saudi Arabia" SWF Institute. <http://www.swfinstitute.org/swfs/sama-foreign-holdings/>

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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

**Comments:**

Although SAMA's annual reports are very comprehensive in terms of information and narrative description of their activities, they treat investments in foreign assets and foreign currency/deposits abroad as an item in a list of assets in their balance sheet. See Annual report 2011 pp. 42-45. Score B recognizes the comparative data for several years and narrative on assets at end of periods.

"Public Investment Fund: . Ministry of Finance website at <http://www.mof.gov.sa/english/Pages/investment.aspx>  
It does not publish information on the fund's assets and transactions beyond listing the institutions it assisted and the aggregate value for the year of assistance.

**References:**

"Public Investment Fund: . Ministry of Finance website at <http://www.mof.gov.sa/english/Pages/investment.aspx>

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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

**Comments:**

SAMA publishes annual reports.  
<http://www.sama.gov.sa/sites/samaen/ReportsStatistics/Pages/AnnualReport.aspx>

"Public Investment Fund: . Ministry of Finance current website at <http://www.mof.gov.sa/english/Pages/investment.aspx>

"Public Investment Fund: . Ministry of Finance 2008 website at [http://old.mof.gov.sa/en/docs/ests/sub\\_invbox.htm](http://old.mof.gov.sa/en/docs/ests/sub_invbox.htm)

This information is provided on the website for FY 2011 and seems to be updated every year; see the 2008 website that contains information for FY 2008.

**References:**

"Public Investment Fund: . Ministry of Finance current website at  
<http://www.mof.gov.sa/english/Pages/investment.aspx>  
"Public Investment Fund: . Ministry of Finance 2008 website at  
[http://old.mof.gov.sa/en/docs/ests/sub\\_invbox.htm](http://old.mof.gov.sa/en/docs/ests/sub_invbox.htm)

## 4.2.2.056 Audited reports

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

**Score:** A B  C D E

**Comments:**

SAMA's annual reports are audited by Ernst & Young and PricewaterhouseCoopers. The independent auditor's letter (p. 403) mentions that data published above has been audited according to Saudi Arabia's GAAP. However, the lack of explicit management of investments in foreign securities makes difficult to score this with A and thus C is chosen instead.

"Public Investment Fund: . Ministry of Finance website at  
<http://www.mof.gov.sa/english/Pages/investment.aspx>  
The Financial reports are audited, but the reports are not published by the Ministry or other sources.

<http://www.gab.gov.sa/doc/moraqen.pdf>  
pg 10: Oversight of the PIF

**References:**

[http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500\\_R\\_Annual\\_En\\_47\\_2011\\_10\\_27.pdf](http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500_R_Annual_En_47_2011_10_27.pdf)  
"Public Investment Fund: . Ministry of Finance website at  
<http://www.mof.gov.sa/english/Pages/investment.aspx>

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

**Score:**  A B C

**Comments:**

SAMA's annual reports are audited and published. Although there are no reports focused only on investments in foreign assets, which is the largest part of the central bank's balance sheet, we choose to score this as A.

"Public Investment Fund: . Ministry of Finance website at  
<http://www.mof.gov.sa/english/Pages/investment.aspx>  
The Financial reports are audited, but the reports are not published by the Ministry or other sources.


**References:**

"Public Investment Fund: . Ministry of Finance website at  
<http://www.mof.gov.sa/english/Pages/investment.aspx>

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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 Public Investment Fund was established by Royal Decree / 24 of 25/6/1391H (Corresponding to 8/17/1971).

Specific legislation regarding what funds are to be deposited and how was not found.

**References:**

"Public Investment Fund." Ministry of Finance. <http://www.mof.gov.sa/English/Pages/Home.aspx?oldUrl=http%3A%2F%2Fwww%2Emof%2Egov%2Esa%2Far%2Fdocs%2Fests%2Fsub%5Finbox%2Ehtm>

### 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:**

SAMA has no explicit rules or legislation on this. In its annual report, SAMA describes its objectives as maintaining an "accommodative monetary policy ... aimed at achieving stability in the financial sector, enhancing liquidity, coping with local and international economic developments, working to meet the domestic demand for credit and enabling the banks to play their financing role in the development process in the Kingdom." (p. 44).

[http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500\\_R\\_Annual\\_En\\_47\\_2011\\_10\\_27.pdf](http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500_R_Annual_En_47_2011_10_27.pdf)

The Public Investment Fund was established by Royal Decree / 24 of 25/6/1391H (Corresponding to 8/17/1971).

Specific legislation regarding what funds are to be deposited and how was not found.

**References:**

"Public Investment Fund." Ministry of Finance. <http://www.mof.gov.sa/English/Pages/Home.aspx?oldUrl=http%3A%2F%2Fwww%2Emof%2Egov%2Esa%2Far%2Fdocs%2Fests%2Fsub%5Finbox%2Ehtm>

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

Score: A  B C



**Comments:**

See previous answer for SAMA.

The Public Investment Fund was established by Royal Decree / 24 of 25/6/1391H (Corresponding to 8/17/1971).

Specific legislation regarding how funds are withdrawn was not found. The fund itself was set up by an executive decree.

**References:**

"Public Investment Fund." Ministry of Finance. <http://www.mof.gov.sa/English/Pages/Home.aspx?oldUrl=http%3A%2F%2Fwww%2Emof%2Egov%2Esa%2Far%2Fdocs%2Fests%2Fsub%5Finvbox%2Ehtm>

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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

**Comments:**

For SAMA, see previous answer.

**References:**

"Public Investment Fund." Ministry of Finance. <http://www.mof.gov.sa/English/Pages/Home.aspx?oldUrl=http%3A%2F%2Fwww%2Emof%2Egov%2Esa%2Far%2Fdocs%2Fests%2Fsub%5Finvbox%2Ehtm>

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**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:**

SAMA has a council of ministries and other decisions are made by the Council of Minister, which in the end depend on royal appointment. Laws and regulations have to do with its role as central bank and monetary policy, not explicit about oil revenue management.

<http://www.sama.gov.sa/sites/samaen/RulesRegulation/Pages/Home.aspx>

Funding decisions are made by the Council of Ministers.

**References:**

"Public Investment Fund." Ministry of Finance. <http://www.mof.gov.sa/English/Pages/Home.aspx?oldUrl=http%3A%2F%2Fwww%2Emof%2Egov%2Esa%2Far%2Fdocs%2Fests%2Fsub%5Finvbox%2Ehtm>

**Peer Review Comments:**

The Council of Ministers is the executive. The Majlis ash-Shura is the legislative. It has a Committee on Financial Affairs, which studies "issues, laws, and bylaws (and) relevant aspects of financial affairs including: (...) Issues related to the General Budget." It proposes draft laws and discusses issues related to the budget. However, it is my understanding of the Majlis' responsibilities that it does not review and approve the budget. Since the budget process does not involve the Majlis, but is a matter of debate within the Council of Ministers, which may change spending as a function of changing objectives, it would appear that C. is the most appropriate answer.

Source: <http://www.shura.gov.sa/wps/wcm/connect/ShuraEn/internet/committees>

**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:**

Could find no evidence for such a requirement.

**References:**

Could find no evidence for such a requirement.

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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:

Saudi Arabia is highly centralized, however provincial and municipal governments likely receive transfers from the central government. It is unclear whether these transfers are based specifically on resource revenues.

For example, the Law of the Provinces, Article 23 discusses transfers from the state's Development Plan, which, it seems, is funded by oil exports (see <http://www.bloomberg.com/news/2010-08-09/saudi-arabia-s-cabinet-approves-five-year-385-billion-development-plan.html>)

See also, <http://www.undp-pogar.org/countries/theme.aspx?t=6&cid=16>  
Quote, "The Saudi Arabian Ministry of Municipal and Rural Affairs (MOMRA) oversees all areas of municipal governance...There is no fiscal separation between the central and municipal governments. In fiscal year 2003, the government allocated 7.5 billion Saudi riyals for municipal services and water authorities, down from 7.9 billion the previous year. Municipalities collected 1 billion Saudi riyals (\$267 million US) in taxes in 2000, which was transferred to the MOMRA. The MOMRA returns a portion of the money for general expenditures, while utilizing the rest for ministry operations. Government spending on municipal services, infrastructure development and local subsidies amounted to 7% of the government budget for 2003. The MOMRA and Ministry of Finance are currently crafting legislation to privatize municipal tax collection."

### References:

"Saudi Arabia - Municipal Governments." UNDP POGAR. <http://www.undp-pogar.org/countries/theme.aspx?t=6&cid=16>

Link to Law of the Provinces: [http://www.saudiembassy.net/about/country-information/laws/The\\_Law\\_of\\_The\\_Provinces.aspx](http://www.saudiembassy.net/about/country-information/laws/The_Law_of_The_Provinces.aspx)

### Peer Review Comments:

The most relevant subnational entities in Saudi Arabia are the provinces.

I suggest the researcher investigates whether there is redistribution to the provinces. The Eastern Province is where Saudi Aramco mostly operates. It certainly retains or receives extra funds informally, but I do not have information about the formal rules of redistribution, if any.

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

Score: A B **(C)**

**Comments:**

N/A; please see question 3.3.1.063

**References:**

N/A; please see 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**

**Comments:**

N/A; please see question 3.3.1.063

**References:**

N/A; please see 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**

**Comments:**

N/A; please see question 3.3.1.063

**References:**

N/A; please see 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**

**Comments:**

N/A; please see question 3.3.1.063

**References:**

N/A; please see 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**

**Comments:**

N/A; please see question 3.3.1.063

**References:**

N/A; please see question 3.3.1.063

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

**Score:** A B  C

**Comments:**

N/A; please see question 3.3.1.063

**References:**

N/A; please see 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**

**Comments:**

N/A; please see question 3.3.1.063

**References:**

N/A; please see 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**

**Comments:**

N/A; please see question 3.3.1.063

**References:**

N/A; please see question 3.3.1.063

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# Saudi\_Arabia - 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:

"2009 Minerals Yearbook: Saudi Arabia [Advance Release]". US Geological Survey. Quote, pg. 54.1: "All mineral deposits are the exclusive property of the state. The Supreme Council for Petroleum and Mineral Affairs defines and approves national hydrocarbon policies and strategies. The Ministry of Petroleum and Mineral Resources implements general policy related to minerals, natural gas, and oil. The Deputy Ministry for Mineral Resources administers activity in the mining sector and promotes the mineral industry. Mining is regulated by Royal Decree No. M/47 (the Mineral Investment Law) of 20 Sha'ban 1425 (October 4, 2004)."

Because of this ownership, it is therefore the government's responsibility to identify and develop the mineral resources:

"United Mining Investments Company". The International Resource Journal, Oct. 2011.

Quote, pg. 85: "Mineral surveys on a country-wide level started around the late 1950s-early 1960s, more recently, the task was handed over to the Saudi Geological Survey (SGS), which is mandated (by the Government) to actively identify minerals and unearth all hidden treasures within Saudi Arabia."

The Constitution (called Basic Law of Government) states in Article 14 natural resources are owned by the State:

[http://www.mideastinfo.com/documents/Saudi\\_Arabia\\_Basic\\_Law.htm](http://www.mideastinfo.com/documents/Saudi_Arabia_Basic_Law.htm)

"Article 14- All God's bestowed wealth, be it under the ground, on the surface or in national territorial waters, in the land or maritime domains under the state's control, are the property of the state as defined by law. The law defines means of exploiting, protecting, and developing such wealth in the interests of the state, its security and economy."

#### Background information:

According to the EIA, "Saudi Arabia was the world's largest producer and exporter of total petroleum liquids in 2010, and the world's second largest crude oil producer behind Russia. Saudi Arabia's economy remains heavily dependent on crude oil. Oil export revenues have accounted for 80-90 percent of total Saudi revenues and above 40 percent of the country's gross domestic product (GDP)...According to the Oil and Gas Journal, Saudi Arabia contains approximately 260 billion barrels of proven oil reserves (plus 2.5 billion barrels in the Saudi-Kuwaiti shared "Neutral" Zone), amounting to around one-fifth of proven, conventional world oil reserves. Although Saudi Arabia has around 100 major oil and gas fields (and more than 1,500 wells), over half of its oil reserves are contained in only eight fields, including the giant 1,260-square mile Ghawar field (the world's largest oil field, with estimated remaining reserves of 70 billion barrels). The Ghawar field alone has more proven oil reserves than all but six other countries."

#### References:

"2009 Minerals Yearbook: Saudi Arabia [Advance Release]". US Geological Survey. pg. 54.1



<http://minerals.usgs.gov/minerals/pubs/country/2009/myb3-2009-sa.pdf>

"United Mining Investments Company". The International Resource Journal, Oct. 2011. pg. 85 of stand-alone supplement (full journal linked here; file attached is supplement used for research)  
<http://www.internationalresourcejournal.com/E-MAG/2011/Oct/IRJ.php>

Article 14 of the Constitution (called Basic Law of Government)  
[http://www.mideastinfo.com/documents/Saudi\\_Arabia\\_Basic\\_Law.htm](http://www.mideastinfo.com/documents/Saudi_Arabia_Basic_Law.htm)

U.S. Energy Information Administration, Saudi Arabia Country Analysis Brief, updated January 2011:  
[http://www.eia.gov/EMEU/cabs/Saudi\\_Arabia/pdf.pdf](http://www.eia.gov/EMEU/cabs/Saudi_Arabia/pdf.pdf)

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

Score:  A  B  C  D  E

#### Comments:

Note: This questionnaire includes information on natural gas and mining, but it has been scored according to information and regulations on the upstream oil sector (not including the neutral zone with Kuwait).

OIL - Original concession to SOC granted by government, SOC now subcontracts

Saudi Aramco subcontracts out parts of work relevant to its position as custodian of Saudi Arabia's oil reserves. However, Saudi Aramco itself received license from the government to conduct these operations. There is really only one "license" for upstream oil in Saudi Arabia (excluding the neutral zone), awarded to the company that is now Saudi Aramco back in the 1930s. The Ministry of Petroleum and Mineral Resources "supervises" Saudi Aramco. (see [http://www.mopm.gov.sa/mopm/detail.do?content=ministry\\_structure](http://www.mopm.gov.sa/mopm/detail.do?content=ministry_structure))

GAS - licenses granted by the Ministry  
 excerpt from "Oil Titans" p. 99, discussing gas licensing: "Then came the issue of who would handle the bidding process and grant the licenses and who would audit the performance of the IOCs. The SPC [Supreme Petroleum Council] initially considered establishing a regulatory body, separate from the oil ministry, but it decided that the Directorate General for the Ministry of Petroleum and Mineral Resources in Eastern Province (which the minister chairs) would be the regulator. Saudi Aramco would therefore not oversee the international oil companies....My impression was that Saudi Aramco had won the battle with the foreign minister over the licensing processes...as a result, it could step back and let the Ministry of Petroleum and Mineral Resources take over."

MINING - via the Ministry

"Ma'aden". Ministry of Petroleum and Mineral Resources' website at  
[http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)  
 Only general information is available on the site

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

Quote from Slide 2: "ROLE OF THE DEPUTY MINISTRY FOR MINERAL RESOURCES (DMMR)

The Ministry is the only agency empowered to apply and administer the Mining Code. This role includes:

- Designation of lands available for granting of concessions
- Determination of the necessary qualifications of applicants
- Negotiation of concession terms and rights to be granted
- Issue of concession documents and supervision of their implementation
- Preparation of concession forms and establishment of procedures"

See also the section on Competitive Bidding and Transfer of Licences in this private law firm's brief on

the Saudi Mining Code:

[http://ld.practicallaw.com/cs/Satellite?](http://ld.practicallaw.com/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1247354442307&ssbinary=true)

[blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1247354442307&ssbinary=true](http://ld.practicallaw.com/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1247354442307&ssbinary=true)

"In certain limited circumstances, licences are granted on a competitive basis: (i) where the Ministry delineates a licence area as one requiring competitive bidding for the award of an exploitation licence in the form of a public tender process, and (ii) where more than one applicant applies for a licence over the same area. In such cases, the winning applicant is determined on the basis of evaluating factors such as the respective technical and financial competence of the applicants, the proposed technical work program and commitment to the training and employment of Saudi nationals, with each of the respective criteria being given a weighting as set out in the Regulations."

#### References:

[http://www.mopm.gov.sa/mopm/detail.do?content=history\\_oil\\_and\\_gas](http://www.mopm.gov.sa/mopm/detail.do?content=history_oil_and_gas)

Marcel, Valerie. "Oil Titans: National Oil Companies in the Middle East," Chatham House: London, 2006. pp. 96-100

"Doing Business with Us". Saudi Aramco website. <http://www.saudiaramco.com/en/home.html#doing-business-with-us%257C%252Fen%252Fhome%252Fdoing-business-with-us.baseajax.html>

"Ma'aden". Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg) Slide 2.

#### Peer Review Comments:

It seems the answer should be A, the ministry of the extractive sector.

I would like to understand better what source text is used for the gas section. I think the researcher has found a law related to gas midstream and downstream, but not the law/decreed related to the gas upstream. There were upstream gas licenses awarded by the ministry of petroleum and mineral resources to foreign companies.

There is no mention of the neutral zone (JDZ) with Kuwait. Those upstream oil contracts are awarded by the Supreme Petroleum Council.

Regarding the oil segment, the text is not clear. What is meant by government? Does the original concession still exist?

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

Score: A B C D **E**

#### Comments:

OIL- There is no licensing process for upstream oil, as Saudi Aramco is the only licensee -- hence the N/A score.

For downstream, open bidding with occasional sole source (conducted by the SOC with general oversight of contracts by a Special Commission)

"Country Profile: Saudi Arabia". Australian Government Export Finance and Insurance Corporation. Dec. 2011 (attached)

Quote: "The oil sector is primarily run by the state-owned Saudi Aramco, although there is significant foreign investment in the downstream Saudi energy sector."

The downstream contracts managed by Saudi Aramco are conducted using a sealed bidding process for competed contracts, but certain contracts are sole source and meet justification requirements.

GAS - Licenses were granted as part of the Strategic Gas Initiative (SGI), a program that allowed foreign investment in upstream gas beginning in 1998 (source: Marcel, p.96). According to Marcel, the first two licensing rounds were granted after direct negotiations with the government, while the third round was an open bidding process (see excerpt below).

"The foreign minister's preference for negotiations meant that companies would be selected on the basis of qualifications, before making the financial and technical terms of their planned investments known. Aramco lobbied for a bidding process through which all qualifying companies would simultaneously submit their technical and commercial offers for consideration to the relevant government institution. The foreign minister's choice was imposed on the process in the first and second rounds of the gas initiative, 'but Saudi Aramco got the [government to accept] bids for the third gas initiative,' according to an influential Aramcon." (Marcel, p. 99)

MINERALS- will give concessions after determining criteria and conducting negotiations  
See previous question for the role of the Deputy Minister for Mineral Resources of the Ministry for Petroleum and Mineral Resources.

### References:

Marcel, Valerie. "Oil Titans: National Oil Companies in the Middle East," Chatham House: London, 2006. pp. 96-100

"Country Profile: Saudi Arabia". Australian Government Export Finance and Insurance Corporation. Dec. 2011 (Attached)

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007. Quote, pg. 43. (Attached)

Saudi Aramco website. [www.saudiaramco.com](http://www.saudiaramco.com)

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)  
Quote from Slide 2

### Peer Review Comments:

Gas: The researcher appears to be referring to processes for licensing in the midstream and downstream gas sector, not the upstream. For the upstream, the Saudi Gas Initiative had direct negotiations for the 2 first rounds and then the 3rd round was open with sealed bids (though not in public). (source: V. Marcel, Oil Titans, 2006, p 99; the SGI is also discussed in P. Stevens in Victor et al, Oil and Governance, 2012).

For oil upstream: the comments in the comments box are not directly related to the matter of licensing. The researcher does not comment on the award of contracts in the Joint Development Zone with Kuwait.

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

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

### Comments:

OIL

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

Quote, pg. 48: "Saudi Aramco operates on a corporatized basis. It is allowed to keep its revenue from crude and product sales, and then pays royalties and dividends equivalent to 93 percent of its profits. Its sales of crude oil to its own domestic refineries are charged at the long-run marginal cost of crude production (\$2 per barrel), which is not regarded as a subsidized price by the government. This,

therefore, ensures that the company has sufficient capital funds to meet whatever is required to fulfill its objectives. But there is a weakness in the system. The company pays out its operating costs after paying royalties, and before paying dividends. This reduces the incentive to cut operating costs."

#### MINERALS

"Mining Code". See comment for question 2.

[http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

Ma'aden (the Arabic word for minerals) is a ten year old company that is building on an old mining tradition. The company was established in 1997, with the transfer of mineral titles from Petromin, the General Petroleum and Minerals Organization and working capital provided by the Kingdom of Saudi Arabia. Although a relatively new company, Ma'aden is growing by both expanding its operations unilaterally and developing new ventures throughout the Kingdom of Saudi Arabia.

Ma'aden operates along commercial lines as a shareholder owned company. Today, the sole shareholder is the state but the Government has announced its intention to sell half of these shares to Saudi Arabian investors in the near future. When this partial privatization occurs, it will broaden the ownership base of the company and provide an opportunity for Saudis to invest directly in the development of their country's mineral wealth.

#### References:

Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

Ministry of Petroleum and Minerals website, Ma'aden sub-section at

[http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007., pg 48.

"Country Analysis Briefs: Saudi Arabia." Energy Information Association. Jan 2011. (Attached)

#### Peer Review Comments:

The answer is incomplete. Also the Saudi government uses a mix of different types of agreements. In upstream oil it uses service contracts through which it hires oil service companies. In the gas upstream, it uses concession agreements (see Meurs below). In the joint development zone with Kuwait, "Kuwait and Saudi Arabia have retained their joint and undivided equal rights over the resources of the partitioned neutral zone, what has been appropriately described as a "functionally limited condominium." (Lagoni 1988) Joint exploitation is undertaken in this context while prior oil concessions remain in force; freedom of access and movement, safety, and taxation are also governed by the Agreement." (Legal Regime of Joint Development and Management Zones, <http://archive.unu.edu/unupress/unupbooks/uu15oe/uu15oe0j.htm>).

Source: Dr. Pedro van Meurs, Government Take and Petroleum Fiscal Regimes, 2008

p. 14: "Taxes or profit oil or gas with sliding scales that are based on profitability, such as ratios based on profitability ("R-factors") , such as the PSC's in India or the IRR, such as in Saudi Arabia for the gas initiative,"

p. 19: "There are also a variety of jurisdictions with concession systems that have implemented various degrees of price sensitivity and other features that are aimed to extract a higher government take under more profitable conditions. Jurisdictions with such systems include Australia-offshore, Alberta, Norway, the Netherlands, Saudi Arabia (for gas only), Algeria, Colombia, Thailand, Russia, and Trinidad and Tobago."

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

Score: A B C  D E

**Comments:**

The previous questionnaire determined that there was no regulator. The below WB source acquiesces that external regulation by the Supreme Council for Petroleum and Mineral Affairs headed by the King [formerly known before legislation changed its name and mandate in 2000 as the Supreme Petroleum Council ] is "light" and a "formality", but nonetheless it exists, regulates both the hydrocarbon and mineral sectors, and is part of the Saudi extractive industry's infrastructure. It is conceivable that should the monarchy wish to tighten control over Saudi Aramco, it could do so by increasing the rigor of the Council's reviews and exercising its right to deny strategic plans, partnerships, etc. The Council also reviews company general financial information (balance sheet and profit-loss account), which does not appear to be released to any other source.

## OIL

Toyin Falola, Ann

Genova. Greenwood Publishing Group, 2005. Accessible

via: [http://books.google.com/books?id=BXWasJHiT-](http://books.google.com/books?id=BXWasJHiT-kC&dq=saudi+arabia+supreme+petroleum+council&source=gbs_navlinks_s)

[kC&dq=saudi+arabia+supreme+petroleum+council&source=gbs\\_navlinks\\_s](http://books.google.com/books?id=BXWasJHiT-kC&dq=saudi+arabia+supreme+petroleum+council&source=gbs_navlinks_s)

"The Politics of the Global Oil Industry: An Introduction."

Quote, pg. 226: "All of Saudi Arabia's oil production is overseen by the Supreme Petroleum Council under

supervision of the king."

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

Quote, pg. 43: "Within the petroleum sector, apart from capacity levels and a few other decisions, Saudi Aramco is left to determine its own objectives and their prioritization. Setting the capacity level is, of course, extremely important. Once it is set, Saudi Aramco seeks to maximize the recovery factor on the fields within its constraint. The objectives are set out in a five-year strategic plan. While this must be approved by the Supreme Petroleum Council (SPC), in practice approval is a formality. The ministry, by contrast, is left to deal with the Organization of Petroleum Exporting Countries (OPEC), global supply and demand estimates that feed into decisions on capacity, the opening of the sector to foreign investment, and the consumer-producer dialogue. ...in the Saudi case there is effectively a protective wall around Saudi Aramco and the only entry route to influence what the company does is via the SPC and the Ministry of Petroleum and Natural Resources. Unlike Kuwait, by strict order of successive kings, Saudi Aramco has been protected from political influence."

Pg. 44 – Diagram depicting Saudi Arabia Petroleum Sector Structure places Saudi Aramco as separate from the SPC and Ministry of Oil (without areas of influence from the SPC and Ministry)

Quote. Pg. 44: "In theory, the activities of Saudi Aramco are monitored by the SPC. In practice, Saudi Aramco is virtually self-regulating and the SPC only provides light supervision, mainly endorsing decisions made by Saudi Aramco."

Pg. 45 – "There is effective transparency between Saudi Aramco and the government through the oversight of the SPC. This information, which includes detailed operating reports and independently audited financial accounts, is not available outside of the SPC to the rest of the society or indeed many other parts of the government – although eight ministers are members of the SPC. This raises an interesting question: is public disclosure a necessary requirement for effective operation? Disclosure of more information would hopefully improve general public trust in the sector in the eventuality that this trust is challenged."

Pg. 48 – "This relationship can be seen when the government effectively leaves Saudi Aramco to its day-to-day operations without any attempts at micromanagement or interference. Also, financial accounts are based upon best-practice procedure supervised by an internal auditing committee that is overseen by independent foreign auditors. In this respect, Saudi Aramco is, in financial terms, like any IOC. The only difference –and it is key – that there is only one shareholder (the government), who chooses not to reveal the accounts."

"Country Analysis Briefs: Saudi Arabia". Energy Information Association. Jan. 2011 (attached)

Quote: "Saudi Arabia's Ministry of Petroleum and Mineral Resources and the Supreme Council for Petroleum and Minerals have oversight of the sector and Saudi Aramco directly. The Supreme Council, which is comprised of members of the royal family, industry leaders and government ministers, is responsible for petroleum and natural gas policy-making, including contract review, as well as Saudi Aramco's strategic planning. The Ministry is responsible for national planning in the area of energy and minerals, including petrochemicals."

"Saudi oil council reviews world market situation

" P.K. Abdul Ghafour. ArabNews. June 27, 2011. <http://arabnews.com/saudiarabia/article462877.ece>

Quote: "Custodian of the Two Holy Mosques King Abdullah on Monday presided over a meeting of the Supreme Council for Petroleum and Mineral Affairs and reviewed the world oil market situation. The council approved Saudi Aramco's five-year working plan (2012-2016) and the 2010 annual report of its board of directors. It appointed an external auditor for the company and its affiliates. It also reviewed the technical and financial reports regarding companies licensed to carry out mining operations."

"King chairs meeting of Supreme Council for Petroleum and Minerals Affairs" Embassy of Saudi Arabia in Washington, D.C. June 27, 2011. [http://www.saudiembassy.net/latest\\_news/news06271102.aspx](http://www.saudiembassy.net/latest_news/news06271102.aspx)

Quote: "By the end of the meeting, the Council had approved the 5-Year Working Plan of the Saudi Arabian Oil Company (Saudi Aramco) for 2012-2016, the annual report of its board for 2010, the general balance sheet and its profit-loss account for 2010, and the appointment of an external accounts controller for Saudi Aramco and its affiliates."

Additional controls are listed here: as mentioned in the Seventh Development Plan but no longer available at the Ministry of Economy and Planning website at <http://www.mep.gov.sa/>), the website SAMIRAD:: Saudi Arabia Market Information Resource and Delivery at <http://www.saudinf.com/main/c551.htm> ; and the book "Oil and Governance: State-owned Enterprises and the World Energy Supply". Eds. David G. Victor, David R. Hultz, Mark Thurber. Cambridge University Press, 2012. pgs. 222-223. Available at : [http://books.google.com/books?id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)

"In January, 2000, a Supreme Council for Petroleum and Mineral Affairs (SPMC) was set up by Royal decree issued the Custodian of the two Holy Mosques King Fahd Bin Abdul-Aziz. The council was set up to operate for four years renewable by royal decree. The Council has the final word on all affairs of petroleum, gas and other hydrocarbon Materials including, for instance: 1 - Fixing and deciding the policies and strategies for petroleum, gas and other hydrocarbon materials in light of national circumstances and interests. This includes determining the size of production, deciding the pricing plans of different fuel sources in the Kingdom. 2 - Setting the general policy for the Saudi Aramco company, particularly: a) Endorsing the company's five-year plan including its program to produce crude oil and its program for exploration for new reserves of hydrocarbon materials and developing them. b) Endorsing the company's five-year program for capital future investments c) Appointing the company's chairman upon a nomination by the board of directors d ) Appointing an auditor and fixing his financial compensations e) Reviewing the auditor's report and endorsing the company's budget and profit and loss accounts f) Accrediting the annual report of the board of directors and acquitting the board of directors for the year in question g) Deciding whether to increase, decrease the capital of the company or allow others to contribute in it h) Fixing the salaries of the chairman and members of the board of directors i) Appropriating any increase in the net value of the rights and assets of the company either to increase its capital or transfer it to the company's reserves"

"Oil and Governance: State-owned Enterprises and the World Energy Supply". Eds. David G. Victor, David R. Hultz, Mark Thurber. Cambridge University Press, 2012. pgs. 222-223. Available at :

[http://books.google.com/books?id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)

Quote, pg. 187: "The system for regulating the oil sector reflects the government's central goals. The ruling family has ultimate control, but as a practical matter it delegates authority to a well-developed system of public administration. The keystone of the formal system is the Supreme Petroleum Council (SPC, renamed in 2000 the Supreme Council of Petroleum and Mineral Affairs, SCPMA). The SPC was supposed to be the effective overseer of the oil sector, allowing other ministries to have some say over how the oil sector operates. Specifically it endorses Saudi Aramco's five-year operating and investment plan and reviews the annual report and accounts of Saudi Aramco and appoints its CEO. In practice the SPC was a means of having a select group of Saudi private citizens, the royal family members, and other ministers play a role in the process. As indicated earlier, in reality its role was minimal and it was the ministry that acted as the government's overseer of the company. Most of the time the SPC simply approved whatever was presented by the board of Saudi Aramco. It has never acted to stop any plan of

the company or direct any of its activities. The ministry acts as a conduit between the king and his small group of advisers who pass onto the ministry questions or directions. The ministry then directs Saudi Aramco to take whatever action is required.

Pg. 192-193: "The one exception to the rule that SCPMA is unable to exert much oversight, at least in theory, is finances, which are highly transparent to the government and available to the SCPMA. However, this information, which includes independently audited financial accounts, is not available outside of the SCPMA for the rest of society or indeed any other part of government (aside from the eight ministers that are members of the SCPMA). In effect, there is a degree of internal transparency of Saudi Aramco's operations within the Saudi government but extreme opacity outside that bubble. However, even within that small bubble there are limitations on transparency. The government gets detailed operating reports but these are just descriptions on what each unit has done under the plan but no detailed data is available even within the company. Government auditors only see the overall accounts and do not get business and operations data so they have to accept everything as being done correctly. This system on the surface appears to work well and raises doubts about one of the standard pieces of conventional wisdom offered by outside experts: that public disclosure of performance and other data is a requirement for effective operation. However, because of the lack of transparency, it is not clear how "working well" is simply because of the scale economies of very large fields rather than company's skills and technology."

## MINERALS

"2009 Minerals Yearbook: Saudi Arabia [Advance Release]". US Geological Survey.

Quote, pg. 54.1: "All mineral deposits are the exclusive property of the state.

The Supreme Council for Petroleum and Mineral Affairs defines and approves national hydrocarbon policies and strategies. The Ministry of Petroleum and Mineral Resources implements general policy related to minerals, natural gas, and oil. The Deputy Ministry for Mineral Resources administers activity in the mining sector and promotes the mineral industry. Mining is regulated by Royal Decree No. M/47 (the Mineral Investment Law) of 20 Sha'ban 1425 (October 4, 2004)."

"Saudi oil council reviews world market situation

" P.K. Abdul Ghafour. ArabNews. June 27, 2011. <http://arabnews.com/saudiarabia/article462877.ece>

Quote: "The council approved Saudi Aramco's five-year working plan (2012-2016) and the 2010 annual report of its board of directors. It appointed an external auditor for the company and its affiliates. It also reviewed the technical and financial reports regarding companies licensed to carry out mining operations."

"Latest News". Saudi Arabia Embassy in Washington, D.C. <http://www.saudiembassy.net/affairs/recent-news/economy/2011-2012>

After review of the Saudi Arabia Embassy's news briefs, it is not clear whether the Supreme Council for Petroleum and Mineral Affairs meets regularly. The website lists each meeting of the Council of Ministers from the last couple of years, and these are held more than once a month. However, only one news item has been noted about the Council of Petroleum and Mineral Affairs during the same period.

There is no website for the Council nor publications on its behalf, besides press releases.

## References:

Toyin Falola, Ann

Genova. Greenwood Publishing Group, 2005. Accessible

via: [http://books.google.com/books?id=BXWasJHiT-](http://books.google.com/books?id=BXWasJHiT-kC&dq=saudi+arabia+supreme+petroleum+council&source=gbs_navlinks_s)

[kC&dq=saudi+arabia+supreme+petroleum+council&source=gbs\\_navlinks\\_s](http://books.google.com/books?id=BXWasJHiT-kC&dq=saudi+arabia+supreme+petroleum+council&source=gbs_navlinks_s) "The Politics of the Global Oil Industry: An Introduction." Quote, pg. 226

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

"Country Analysis Briefs: Saudi Arabia". Energy Information Association. Jan. 2011 (attached)

"Saudi oil council reviews world market situation" P.K. Abdul Ghafour. ArabNews. June 27, 2011. <http://arabnews.com/saudiarabia/article462877.ece>

"King chairs meeting of Supreme Council for Petroleum and Minerals Affairs" Embassy of Saudi Arabia in Washington, D.C. June 27, 2011. [http://www.saudiembassy.net/latest\\_news/news06271102.aspx](http://www.saudiembassy.net/latest_news/news06271102.aspx)

as mentioned in the Seventh Development Plan but no longer available at the Ministry of Economy and Planning website at <http://www.mep.gov.sa/>), the website SAMIRAD: Saudi Arabia Market Information Resource and Delivery at <http://www.saudinf.com/main/c551.htm>

"Oil and Governance: State-owned Enterprises and the World Energy Supply". Eds. David G. Victor, David R. Hultz, Mark Thurber. Cambridge University Press, 2012. pgs. 222-223. Available at : [http://books.google.com/books?id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)

"Oil and Governance: State-owned Enterprises and the World Energy Supply". Eds. David G. Victor, David R. Hultz, Mark Thurber. Cambridge University Press, 2012. pgs. 222-223. Available at : [http://books.google.com/books?id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)

#### MINERALS

"2009 Minerals Yearbook: Saudi Arabia [Advance Release]". US Geological Survey. Quote, pg. 54.1, mentioning Royal Decree No. M/47 (the Mineral Investment Law) of 20 Sha'ban 1425 (October 4, 2004).

"Saudi oil council reviews world market situation" P.K. Abdul Ghafour. ArabNews. June 27, 2011. <http://arabnews.com/saudiarabia/article462877.ece>

"Latest News". Saudi Arabia Embassy in Washington, D.C. <http://www.saudiembassy.net/affairs/recent-news/economy/2011-2012>

#### Peer Review Comments:

The SCPMA is not a ministry of the extractive sector. It could be considered an office of the executive in light of membership, which includes 8 ministers, the prime minister and deputy prime minister. The CEO of Saudi Aramco is also a member, but aside from this member, is an executive office.

Source: V. Marcel, Oil Titans, 2006; G. Lahn et al, Report on Good Governance of the National Petroleum Sector, 2007.

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# Saudi\_Arabia - RWI Index Questionnaire

## Disclosure

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Indicator	Score
1.2.006 Information on licensing process	N/A
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:

OIL

Only Saudi Aramco works upstream; the government does not issue licenses for oil in this respect. Saudi Aramco issues licenses as subcontracts for downstream work. If one were interested in learning what contracts were given by Aramco this information is often mentioned in Saudi Aramco's and SAMA's annual reports. In addition, Aramco publishes details on its 8-step procurement process on its website at <http://www.saudiaramco.com/en/home/doing-business-with-us/become-a-service-contractor/business-opportunities-for-service-providers/how-we-procure-contracts.html#doing-business-with-us%257C%252Fen%252Fhome%252Fdoing-business-with-us%252Fbecome-a-service-contractor%252Fbusiness-opportunities-for-service-providers%252Fhow-we-procure-contracts.baseajax.html>

GAS - down/midstream

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Quote, pg. 10: "Within fourteen (10 days following notice that its application has been accepted for consideration, the Applicant shall Publish notice of the License application. The Published notice shall include pertinent information on services and tariffs, and shall be in a form and include other content as prescribed by the Ministry. Proof of Publication shall be filed with the Ministry."

Although the Ministry itself does not publish the terms of the proposed contract/license, it does require that the company publish this. However, it does not stipulate the manner of publication, and so this does not ensure public accessibility.

Page 12 of this document mentions that the Ministry will provide applicants with detailed information prior to the negotiation process on the lots, desired ranges of payment to the government, etc. : "The Ministry shall develop a set of bid parameters pertinent to each potential LDS License and will collate those parameters into a bid package.The Ministry's invitation to bid issued to each qualified Prospective Licensee shall be accompanied by the bid package."

MINING

"Ma'aden". Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

Only general information is available on the site

### References:

#### OIL

"Annual Review 2010" Saudi Aramco. (attached)

"Annual Report 2011" Saudi Arabian Monetary Authority (attached)

"Doing Business with Us". Saudi Aramco website at <http://www.saudiaramco.com/en/home/doing-business-with-us/become-a-service-contractor/business-opportunities-for-service-providers/how-we-procure-contracts.html#doing-business-with-us%257C%252Fen%252Fhome%252Fdoing-business-with-us%252Fbecome-a-service-contractor%252Fbusiness-opportunities-for-service-providers%252Fhow-we-procure-contracts.baseajax.html>

#### GAS

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

#### MINERALS

"Ma'aden". Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)  
Quote from Slide 2

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

Score: A B C D **E**

#### Comments:

The government does not award licenses for upstream oil.

For oil service contracts: The government publishes information after negotiations, including results from auction rounds such as bids received, winning bids and total value of final contract and tax obligations are explained by Aramco and the government before bidding, but royalties, winning bidding variables, etc. do not seem to be disclosed as I could not find this information. The licensing authority publishes reports with information about its activities to the public and this can be evidenced on their websites and in the general press.

<http://www.saudiaramco.com/en/home/doing-business-with-us/become-a-service-contractor/business-opportunities-for-service-providers/how-we-procure-contracts.html#doing-business-with-us%257C%252Fen%252Fhome%252Fdoing-business-with-us%252Fbecome-a-service-contractor%252Fbusiness-opportunities-for-service-providers%252Fhow-we-procure-contracts.baseajax.html>

Besides stating favorable tax terms elsewhere on its website, Saudi Aramco also explains that as an optional step in its 8-step procurement process, it conducts an optional but highly encouraged debrief for unsuccessful bidders to discuss why the bid or pre-qualification proposal was unsuccessful; some information about the winning bid might be disclosed at this time (although the website does not state that it is).

Ma'aden". Ministry of Petroleum and Mineral Resources' website at

[http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

Only general information about the procurement process and taxation is available on the MOPM site.

"Ma'aden Evaluates Mine Bids" MEED: Middle East Economic Digest;5/25/2007, Vol. 51 Issue 21, p24

<http://connection.ebscohost.com/c/articles/25764006/maaden-evaluates-mine-bids>

Quote: "The article reports that Saudi Arabian Mining Company (Maaden) is considering bids for two key contracts at the Al-Jalamid phosphate mine. Four companies have submitted bids for the estimated \$150 million engineering, procurement and construction contract to build the beneficiation plant. The plant will refine the phosphate rock produced at the mine before it is transported by train to the Ras al-Zour complex, 1,400 kilometres to the southeast."

#### References:

"Doing Business with Us." Saudi Aramco website at <http://www.saudiaramco.com/en/home/doing-business-with-us/become-a-service-contractor/business-opportunities-for-service-providers/how-we-procure-contracts.html#doing-business-with-us%257C%252Fen%252Fhome%252Fdoing-business-with-us%252Fbecome-a-service-contractor%252Fbusiness-opportunities-for-service-providers%252Fhow-we-procure-contracts.baseajax.html>

"Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

"Ma'aden Evaluates Mine Bids" MEED: Middle East Economic Digest;5/25/2007, Vol. 51 Issue 21, p24 <http://connection.ebscohost.com/c/articles/25764006/maaden-evaluates-mine-bids>

## 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:

OIL

Saudi Aramco dominates the upstream oil sector, and the terms of its concession are not public.

GAS (mid/downstream)

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Although some proposed contractual information is required to be "published" (the regulations do not stipulate how) before negotiations, there is no requirement for companies, regulators, or other entities to disclose the granted contracts.

MINING

"Ma'aden". Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

Again, only general information is available on the site

The Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources does not make these contracts available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

#### References:

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

OIL

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

#### MINING

"Ma'aden". Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)  
Only general information is available on the site

The Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources does not make these contracts available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

#### Peer Review Comments:

There is no mention of the contracts from the upstream gas initiative or from the Neutral Zone (upstream oil).

### 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:

For those projects that are deemed to have potential to harm the environment, they are required:

"Doing Business in Saudi Arabia." Latham & Watkins, LLP. May 2010.

[http://www.lw.com/upload/pubContent/\\_pdf/pub3507\\_1.pdf](http://www.lw.com/upload/pubContent/_pdf/pub3507_1.pdf)

Quote, pg 9: "The Kingdom of Saudi Arabia has also approved the General Environmental Regulation for the GCC and the Environmental Assessment Regulation for the GCC. 32 The General Environmental Regulation prohibits any act or failure to act that may result in adverse environmental effects and, among other things, requires that precautionary and preemptive measures be implemented to ensure that such adverse effects do not occur as a result of construction of any project. The Environmental Assessment Regulation applies to a long list of projects that may have an environmental impact and requires that an environmental assessment be conducted with respect to such projects that fall under its coverage."

"Environmental Law in the Kingdom of Saudi Arabia". Law Update . Al-Tamimi and Company. February 2009. [http://archive.newsweaver.com/altamimi/newsweaver.ie/altamimi/e\\_article001368618.html](http://archive.newsweaver.com/altamimi/newsweaver.ie/altamimi/e_article001368618.html)

Quote: "A key role of each Licensing Authority is to ensure that any project which may negatively impact on the environment includes the preparation of an environmental impact assessment ("EIA") during the project feasibility phase. The Licensing Authority responsible for project implementation must conduct that EIA in accordance with the standards specified in the Regulations. "

"The Saudi - Malaysian Consortium, Shuaibah Phase III IWPP. Environmental and Social Impact Assessment. Volume 1 – Text and Figures" 26 November 2005

[http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia\\_saudiarabien\\_meerw.pdf](http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia_saudiarabien_meerw.pdf)

Quote, pg. 1: "Within the Kingdom of Saudi Arabia there is a requirement for EIA to be undertaken for all major developments, which is overseen by the Presidency of Meteorology and Environment (PME), the principle agency for environmental protection."

Various types of forms that are required for different types of projects are mentioned in slide 5 of this presentation: "Environmental Impact Assessments in Saudi Arabia." William Conner, Saudi Aramco. <http://www.sawea.org/pdf/2007/DEC%203/William%20Conner%20&%20Abraham%20Jacob%20-%20Environmental%20Impact%20Assess.pdf>

Ministry of Petroleum and Minerals, "Environment" section <http://www.mopm.gov.sa/mopm/detail.do?>

content=environment

The website does not mention a legal requirement to conduct an EIA. The website merely affirms the Ministry's commitment to "providing the Kingdom and the world with a reliable source of petroleum energy and, at the same time, implement effective regulations to protect and preserve the environment". The site publishes Saudi Aramco's Environment Protection Plan, an Emergency Oil Spill Response Plan, and Mining Department Environmental Instructions.

RCJY – in the Petrochemical Sector

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.

Pg. 23: "To date the total value of all contracts awarded by the Royal Commission for the development of Rass Al-Khair [sic] has reached 944 million Saudi Riyals. There are also two additional contracts available for service providers to conduct environmental impact studies on the city and oversee environmental monitoring. These other contracts will bring the value of the total contracts awarded for Ras Al-Khair's infrastructure development to a staggering 1.6 billion Saudi Riyals."

Pg. 28: "A cornerstone of this policy is the RCJY's Environmental Observation Program. This begins before the construction of industrial cities commences. It aims to find out the nature of an area and what impact the industrial undertaking would have on the locale. Prince Saud says that RCJY is fully compliant with international local environmental standards and also imposes standards on every existing or future manufacturer. "Upon completion of administration work, approval of investment request and allocation of space, each investor must provide us with an environmental report 6 months before commencing operations" says the prince. He explains that upon submitting this report, a specialized team reviews and discusses its findings with each and every investor to ensure a satisfactory environmentally friendly status is achieved. After that the investor's facility is issued with an Environmental Licence valid for five years."

The International Resource Journal, Oct. 2011.

"Building the Third Pillar of Saudi Industry". Eng. Khalid Al-Mudaifer.

Quote, pg. 41: "As important as delivering the development itself however, is ensuring that this progress is built on genuinely sustainable foundations. The mining industry as a whole has improved considerably in this regard during recent times, and Ma'aden is investing significantly in ensuring that its projects are developed and operated to the highest international standards—especially in terms of safety and protecting the environment. As well as undertaking environmental and social impact assessments for all its new projects including an extensive marine ecology study at Ras Al Khair, environmental considerations have been built into the aluminium project, which is based on clean energy, to further reduce emissions and to ensure that the rolling mill is capable of recycling scrap aluminium."

"United Mining Investments Company". The International Resource Journal, Oct. 2011.

Quote, pg. 87-88: "On the other hand, Dr. Basodan emphasizes that all operations at UMIC are certified by The Metrological Environmental Protection Agency (MEPA) in Saudi Arabia. He says that MEPA is a quite active agency and continuously enforcing the international standards for environmental protection in the country. On the other hand, Dr. Basodan stresses that UMIC believes that its most valuable resource of all is its human resources. "We go out of our way to make sure their health and well-being is being taken care of and this is also done by implementing the standards of MEPA in our facilities to the limit."

## References:

"Doing Business in Saudi Arabia." Latham & Watkins, LLP. May 2010.

[http://www.lw.com/upload/pubContent/\\_pdf/pub3507\\_1.pdf](http://www.lw.com/upload/pubContent/_pdf/pub3507_1.pdf)

Quote, pg 9

"Environmental Law in the Kingdom of Saudi Arabia". Law Update . Al-Tamimi and Company. February 2009. [http://archive.newsweaver.com/altamimi/newsweaver.ie/altamimi/e\\_article001368618.html](http://archive.newsweaver.com/altamimi/newsweaver.ie/altamimi/e_article001368618.html)

"The Saudi - Malaysian Consortium, Shuaibah Phase III IWPP. Environmental and Social Impact Assessment. Volume 1 – Text and Figures" 26 November 2005

[http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia\\_saudiarabien\\_meerw.pdf](http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia_saudiarabien_meerw.pdf)

Quote, pg. 1:

"Environmental Impact Assessments in Saudi Arabia." William Conner, Saudi Aramco.  
<http://www.sawea.org/pdf/2007/DEC%203/William%20Conner%20&%20Abraham%20Jacob%20-%20Environmental%20Impact%20Assess.pdf>

Ministry of Petroleum and Minerals, "Environment" section <http://www.mopm.gov.sa/mopm/detail.do?content=environment>

RCJY – in the Petrochemical Sector

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.  
Pg. 23 and 28.

The International Resource Journal, Oct. 2011.

"Building the Third Pillar of Saudi Industry". Eng. Khalid Al-Mudaifer.  
Quote, pg. 41

"United Mining Investments Company". The International Resource Journal, Oct. 2011.  
Quote, pg. 87-88

### **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:**

No; however, some are published by the companies themselves, such as this report:

"The Saudi - Malaysian Consortium, Shuaibah Phase III IWPP. Environmental and Social Impact Assessment. Volume 1 – Text and Figures" 26 November 2005  
[http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia\\_saudiarabien\\_meerw.pdf](http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia_saudiarabien_meerw.pdf)

Ministry of Petroleum and Minerals, "Mining Department Environmental Instructions" section  
[http://www.mopm.gov.sa/mopm/detail.do?content=environment\\_air](http://www.mopm.gov.sa/mopm/detail.do?content=environment_air)

Although EIAs are mentioned, the actual environmental assessment conducted by Saudi Aramco is not published on the Ministry's website. Rather, there is a page that describes the principles by which Aramco claims to adhere to, describes overall methods of implementing and monitoring environmentally-friendly practices, etc. "Concern for the environment is one of Saudi Aramco's basic responsibilities and a long-standing company commitment. The Environment Protection Department provides leadership on environmental issues and ensures that the company operates in an environmentally responsible manner.

Saudi Aramco has developed a broad array of operational requirements, engineering standards and performance guidelines to direct its commitment. These include sanitary codes, project environmental assessments, air and water quality standards, occupational health regulations, hazardous material communication guidelines, waste management procedures and vital oil spill contingency plans. "

#### **References:**

"The Saudi - Malaysian Consortium, Shuaibah Phase III IWPP. Environmental and Social Impact Assessment. Volume 1 – Text and Figures" 26 November 2005  
[http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia\\_saudiarabien\\_meerw.pdf](http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia_saudiarabien_meerw.pdf)  
 Quote, pg. 1

Ministry of Petroleum and Minerals, "Mining Department Environmental Instructions" section  
[http://www.mopm.gov.sa/mopm/detail.do?content=environment\\_air](http://www.mopm.gov.sa/mopm/detail.do?content=environment_air)

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

Score: A **B** C

#### Comments:

No.

"The Saudi - Malaysian Consortium, Shuaibah Phase III IWPP. Environmental and Social Impact Assessment. Volume 1 – Text and Figures" 26 November 2005

[http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia\\_saudiarabien\\_meerw.pdf](http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia_saudiarabien_meerw.pdf)

Quote, pg. 1: "Within the Kingdom of Saudi Arabia there is a requirement for EIA to be undertaken for all major developments, which is overseen by the Presidency of Meteorology and Environment (PME), the principle agency for environmental protection." No such requirement for SIAs are mentioned.

Ministry of Petroleum and Minerals, "Mining Department Environmental Instructions" section

[http://www.mopm.gov.sa/mopm/detail.do?content=environment\\_mining](http://www.mopm.gov.sa/mopm/detail.do?content=environment_mining)

The website does not describe legislation mandating a social impact assessment, but merely affirms that "The community's social and economic needs must also be considered taking into account that such minerals, particularly non-metallic minerals, constitute huge reserves for the use of future generations through integrated and advanced programs and plans. Given that mining activities in the Kingdom focus on the extraction of ores by opening stone queries or making small mines, crushers or filters, the flying dust pollution associated with these sites can be contained. The Ministry of Petroleum and Mineral Resources has taken precautionary measures by locating all mining activity sites away from populated areas. It also takes all actions and measures as required to avoid the adverse effects of pollution. The Ministry constantly issues strict instructions and rules when giving licenses for the sake of protecting the environment."

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.

Pg. 30: "As for health and safety of the industrial companies operating within the RCJY territories, Prince Saud says that the Commission has its own programme which cares for health, safety and security of all employees and ensures that local and international standards are met."

The International Resource Journal, Oct. 2011.

"Building the Third Pillar of Saudi Industry". Eng. Khalid Al-Mudaifer.

Quote, pg. 41: "As important as delivering the development itself however, is ensuring that this progress is built on genuinely sustainable foundations. The mining industry as a whole has improved considerably in this regard during recent times, and Ma'aden is investing significantly in ensuring that its projects are developed and operated to the highest international standards—especially in terms of safety and protecting the environment. As well as undertaking environmental and social impact assessments for all its new projects including an extensive marine ecology study at Ras Al Khair, environmental considerations have been built into the aluminium project, which is based on clean energy, to further reduce emissions and to ensure that the rolling mill is capable of recycling scrap aluminium. Ma'aden also works hard to develop its current Saudi human capital as well as taking steps to ensure that future generations are given every opportunity to benefit from employment in our industry. Such initiatives include working with the Technical and Vocational Training Council to develop the Saudi Mining Polytechnic at Arar. Two-year courses at the polytechnic will train the next generation of surface and underground mine operators, as well as samplers, surveyor assistants and laboratory, fire assay and wet assay technicians. The courses will involve technical English training as well as up to eight months additional on the job training. The polytechnic will help Ma'aden to employ more students from areas where we have operations."

#### References:

"The Saudi - Malaysian Consortium, Shuaibah Phase III IWPP. Environmental and Social Impact Assessment. Volume 1 – Text and Figures" 26 November 2005

[http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia\\_saudiarabien\\_meerw.pdf](http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia_saudiarabien_meerw.pdf)

Quote, pg. 1

Ministry of Petroleum and Minerals, "Mining Department Environmental Instructions" section  
[http://www.mopm.gov.sa/mopm/detail.do?content=environment\\_mining](http://www.mopm.gov.sa/mopm/detail.do?content=environment_mining)

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.

Pg. 30

The International Resource Journal, Oct. 2011.

"Building the Third Pillar of Saudi Industry". Eng. Khalid Al-Mudaifer.

Quote, pg. 41

### 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:

These reports are not published by the regulatory authority but some are published by the companies themselves, such as this report:

"The Saudi - Malaysian Consortium, Shuaibah Phase III IWPP. Environmental and Social Impact Assessment. Volume 1 – Text and Figures" 26 November 2005

[http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia\\_saudiarabien\\_meerw.pdf](http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia_saudiarabien_meerw.pdf)

"Corporate Citizenship Report 2010" Saudi Aramco.

Pg. 14 - Saudi Aramco has a large CSR program. They state their 4 pillars of citizenship activities includes" COMMUNITY

- Promoting Community Health and Safety
- Building Culture of Volunteerism
- Targeting our Charitable Giving"

They state they evaluate their performance in this area: "Evaluate our performance on an ongoing basis. We continue to assess and revise all of our corporate citizenship activities against a rigorous framework to ensure they remain relevant both to our core business objectives and the communities in which we operate.

Measuring Impact

A key area of development in our citizenship strategy and reporting process will be a shift toward establishing Key Performance

Indicators (KPIs) to track our progress and performance toward delivering sustained impact. To do this, we will ensure that we are measuring the right things and building the processes, protocols and controls necessary to

collect, verify and report on this data."

However, these evaluations are not published. Furthermore, no indication on the website, in this particular report or elsewhere is given that the company conducts social assessments prior to implementing projects, etc. Their social engagement is more CSR than compliance with regulations regarding social impacts of industry.

#### References:

"The Saudi - Malaysian Consortium, Shuaibah Phase III IWPP. Environmental and Social Impact Assessment. Volume 1 – Text and Figures" 26 November 2005

[http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia\\_saudiarabien\\_meerw.pdf](http://www.agaportal.de/pdf/nachhaltigkeit/eia/eia_saudiarabien_meerw.pdf)

"Corporate Citizenship Report 2010" Saudi Aramco.

Pg. 14 (File too large to attach; download from:

<http://www.saudiaramco.com/en/home/news/publications-and-reports/corporate-reports0/CorporateCitizenship2010.html#news%257C%252Fen%252Fhome%252Fnews%252Fpublicati>



ons-and-reports%252Fcorporate-reports0%252FCorporateCitizenship2010.baseajax.html)

## 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:**

The Majlis ash-Shura website includes an English version of Saudi Arabia's Basic Law, which includes in Chapter 4, Article 14:

"All natural resources that God has deposited underground, above ground, in territorial waters or within the land and sea domains under the authority of the State, together with revenues of these resources, shall be the property of the State, as provided by the Law. The Law shall specify means for exploitation, protection and development of these resources in the best interest of the State, and its security and economy. "

However, neither the Majlis ahs-shura nor the Ministry of Petroleum publish detailed legislation on the upstream oil sector.

In general, resource-specific and institutional legislation exist about the extractive industry, and contain key principles about the authority and methods to award licenses and contracts in the mineral and gas sector. But these rules do not contain detailed principles and rules to assess a company's fiscal obligations in terms of depreciation, royalties, etc. although tax laws for the sector are clearly defined.

"Mining Code" Ministry of Petroleum and Minerals website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

"Mining Investment Regulations" Ministry of Petroleum and Mining website at [http://www.mopm.gov.sa/mopm/detail.do?content=mi\\_regulations](http://www.mopm.gov.sa/mopm/detail.do?content=mi_regulations)

"Saudi Petroleum Policy" Ministry of Petroleum and Minerals website at [http://www.mopm.gov.sa/mopm/detail.do?content=sp\\_policy](http://www.mopm.gov.sa/mopm/detail.do?content=sp_policy)

"Petrol and Natural Resources". Saudi Arabia Bar Association. [http://www.mohamoon-ksa.com/default.aspx?action=CMS\\_User&parent=124&TreeTypeID=1&FullPath=1,97,124&ReturnFullPath=&ReturnTo=&ShowInterface=](http://www.mohamoon-ksa.com/default.aspx?action=CMS_User&parent=124&TreeTypeID=1&FullPath=1,97,124&ReturnFullPath=&ReturnTo=&ShowInterface=)  
Lists 7 decisions and several more royal decrees pertaining to petrol and/or natural resources.

**References:**

Saudi Arabia's Basic Law available in English on the Majlis ash-Shura website: <http://www.shura.gov.sa/wps/wcm/connect/ShuraEn/internet/Laws+and+Regulations/The+Basic+Law+Of+Government/>

Legislation is published in the Official Gazette (site appears to be in Arabic only): <http://www.uqn.gov.sa/Pages/Default.aspx>

Links to other laws are available on this non-governmental website: <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxwesau.htm>

**MINERALS**

USGS "2009 Minerals Yearbook: Saudi Arabia," Mining is regulated by Royal Decree No. M/47 (the Mineral Investment Law) of 20 Sha'ban 1425 (October 4, 2004). (<http://minerals.usgs.gov/minerals/pubs/country/2009/myb3-2009-sa.pdf>)

Ministry of Petroleum and Minerals, "Environment" section contains some information on environmental regulations.

<http://www.mopm.gov.sa/mopm/detail.do?content=environment>

"Environmental Law in the Kingdom of Saudi Arabia". Law Update . Al-Tamimi and Company. February 2009. [http://archive.newsweaver.com/altamimi/newsweaver.ie/altamimi/e\\_article001368618.html](http://archive.newsweaver.com/altamimi/newsweaver.ie/altamimi/e_article001368618.html)

Mid/downstream Gas regulations are available on the Ministry website, but the page on upstream gas regulation is empty.

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

"Mining Code" Ministry of Petroleum and Minerals website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

"Saudi Petroleum Policy" Ministry of Petroleum and Minerals website at [http://www.mopm.gov.sa/mopm/detail.do?content=sp\\_policy](http://www.mopm.gov.sa/mopm/detail.do?content=sp_policy)

"Petrol and Natural Resources". Saudi Arabia Bar Association. <http://www.mohamoon-ksa.com/default.aspx?>

[action=CMS\\_User&parent=124&TreeTypeID=1&FullPath=1,97,124&ReturnFullPath=&ReturnTo=&ShowInterface=](http://www.mohamoon-ksa.com/default.aspx?action=CMS_User&parent=124&TreeTypeID=1&FullPath=1,97,124&ReturnFullPath=&ReturnTo=&ShowInterface=)

### **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:**

"Freedom of the Press 2010 - Saudi Arabia" Freedom House. Oct 8 2010. As published on the UNHCR website at <http://www.unhcr.org/refworld/country,,FREEHOU,,SAU,,4caf1c1c28,0.html>

"•Freedom of expression is subject to strict guidelines imposed by a range of additional laws. There is no freedom of information legislation"

Global Information Society Watch. "Saudi Arabia" 2009. <http://www.giswatch.org/fr/node/51>

"Saudi Arabia does not have a Freedom of Information Act, nor legislation guaranteeing freedom of expression."

I found no indication that a Freedom of Information law has been passed since these sources were written.

#### **References:**

"Freedom of the Press 2010 - Saudi Arabia" Freedom House. Oct 8 2010. As published on the UNHCR website at <http://www.unhcr.org/refworld/country,,FREEHOU,,SAU,,4caf1c1c28,0.html>

Global Information Society Watch. "Saudi Arabia" 2009. <http://www.giswatch.org/fr/node/51>

#### **Peer Review Comments:**

I note that the wording of the questionnaire does not specify that disclosure must be to the public. While there is no requirement for public disclosure of information on the oil and gas sector, there is a rule by which Saudi Aramco must have its financial accounts audited and audits reviewed by the SCPMA. This requirement could perhaps be found in the statutes of the company.


If similar requirements exist for all state owned entities, the answer could be changed to A. I am not qualified to answer that.

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# Saudi\_Arabia - RWI Index Questionnaire

## Legal Framework and Practices

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Indicator	Score
1.3 Legal Framework and Practices	47 

### 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:

##### OIL

For oil, the authority in charge of awarding downstream license or contract is the SOC Saudi Aramco.

##### PETROCHEMICALS

The RCJY, a government commission that operates like a company awards licenses/contracts.

##### GAS - mid/downstream

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Quote, pg. 13: "The application process shall involve a period of consultation and notice to Interested Parties, determined by the Ministry, who shall be given an opportunity to comment on the License application."

During this period, it is conceivable that SOCs such as Saudi Aramco are asked to provide comment on the application.

##### MINING

"Ma'aden". Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)  
Only general information is available on the site

For minerals, the authority in charge of awarding license or contracts for mineral production is Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources and is independent of the state-owned company, Ma'aden.

"2009 Minerals Yearbook: Saudi Arabia [Advance Release]". US Geological Survey.

Quote, pg. 54.1: "All mineral deposits are the exclusive property of the state.

The Supreme Council for Petroleum and Mineral Affairs defines and approves national hydrocarbon policies and strategies.

The Ministry of Petroleum and Mineral Resources implements general policy related to minerals, natural gas, and oil. The Deputy Ministry for Mineral Resources administers activity in the mining sector and promotes the mineral industry. Mining is regulated by Royal Decree No. M/47 (the Mineral Investment

Law) of 20 Sha'ban 1425 (October 4, 2004)... The Government maintained ownership interest in most of the large companies that operated in the mineral sector, which included Saudi Basic Industries Corp. (SABIC) and Ma'aden. Subsidiaries of SABIC included Al-Jubail Fertilizer Co., National Chemical Fertilizer Co., Saudi Arabian Fertilizer Co.,

Saudi Iron and Steel Co. (Hadeed), and several petrochemical companies.”

#### References:

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia”. Undated. As published on the Ministry of Petroleum and Minerals’ website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Quote, pg. 13:

“Ma’aden”. Ministry of Petroleum and Mineral Resources’ website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

“2009 Minerals Yearbook: Saudi Arabia [Advance Release]”. US Geological Survey.

Quote, pg. 54.1

#### Peer Review Comments:

The authority granting licenses for upstream oil in the neutral zone is the SCPMA, which is independent from the NOC and from the operators.

In upstream gas, it is the ministry and it is independent from the NOC and operators.

The comments given by the researcher appear to refer only to downstream and midstream sectors.

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

Score: A  B  C  D  E

#### Comments:

Although Saudi Aramco, an SOC, controls oil resources and subcontracts for services, their bidding process appears to be open to all qualified companies, which compete based on technical, financial, environmental, and social criteria. The previous questionnaire scored the contracting process as "not open" due to the fact that one of their four contracting mechanisms is through sole source bidding, but this is a common type of legitimate contracting method used by all types of companies that normally compete bids but occasionally are confronted with needing certain services that only source can provide. Saudi Aramco states on their "Doing Business" website that this method is used sparingly, and the fact that it exists alongside the other methods is common in systems that are intended to operate in an open, competitive environment.

Ministry websites state an explicit policy of Saudization in extractive companies, and thus preferences for local companies seem to be in practice (given the list of companies operating in each sector; international companies often join with local companies).

Earlier questions provide a context for this assessment, as well as sources listed here.

“Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia”. Undated. As published on the Ministry of Petroleum and Minerals’ website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Quote, pg. 13: “The application process shall involve a period of consultation and notice to Interested Parties, determined by the Ministry, who shall be given an opportunity to comment on the License application.” Here it seems that SOCs like Saudi Aramco can wield their influence to block bids by other companies.

Pg. 13: “addition to the specific terms and conditions contained within each License, each Licensee shall develop policies and plans for the following items:

- Employment and increasing the numbers of Saudi Arabian personnel.
- Training of Saudi Arabian employees.

These plans and policies shall be updated and submitted to the Ministry by each Licensee at least every three (3) years.” Saudi companies may be at an advantage to fulfill Saudization regulations.

#### OIL

“Country Profile: Saudi Arabia”. Australian Government Export Finance and Insurance Corporation. Dec.

2011 (attached)

Quote: "The oil sector is primarily run by the state-owned Saudi Aramco, although there is significant foreign investment in the downstream Saudi energy sector. In these circumstances, firms can be at a disadvantage without high-level contacts."

#### MINERALS

"2009 Minerals Yearbook: Saudi Arabia [Advance Release]". US Geological Survey.

Quote, pg. 54.1: "The Government maintained ownership interest in most of the large companies that operated in the mineral sector, which included Saudi Basic Industries Corp. (SABIC) and Ma'aden. Subsidiaries of SABIC included Al-Jubail Fertilizer Co., National Chemical Fertilizer Co., Saudi Arabian Fertilizer Co., Saudi Iron and Steel Co. (Hadeed), and several petrochemical companies."

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)  
slide 11: "OBJECTIVES OF DMMR'S MINERAL INVESTMENT STRATEGY includes "establishment of attractive & competitive investment environment" as one of the objectives.

#### References:

"Doing Business with Us". Saudi Aramco website at <http://www.saudiaramco.com/en/home/doing-business-with-us/become-a-service-contractor/business-opportunities-for-service-providers/how-we-procure-contracts.html#doing-business-with-us%257C%252Fen%252Fhome%252Fdoing-business-with-us%252Fbecome-a-service-contractor%252Fbusiness-opportunities-for-service-providers%252Fhow-we-procure-contracts.baseajax.html>

"Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

#### OIL

"Country Profile: Saudi Arabia". Australian Government Export Finance and Insurance Corporation. Dec. 2011 (attached)

#### MINERALS

"2009 Minerals Yearbook: Saudi Arabia [Advance Release]". US Geological Survey.

Quote, pg. 54.1

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

Quote, slide 11

### 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:

In general, Saudi Aramco operates with little oversight by other institutions, yet conducts bidding in a transparent manner. The ministries have some linkages to other institutions that can veto their decisions, mainly the King, and take into consideration the opinions of other stakeholders although it is not bound to follow this advice. Legislation about financial terms in the extractive industry is general, and companies/government institutions seem to follow them. Although Aramco states that it does not negotiate in a bidding process, government ministries dealing with mining indicate this does occur. The net effect of these circumstances seems to be the answer listed above.

"Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Quote, pg 11: "No later than the date notice is first Published, the Applicant shall deliver to the Ministry an information memorandum containing data relative to the application and in detail, as prescribed by the Ministry, sufficient for Interested Parties to make informed determinations and relevant comments and input relative to the application. The Ministry, on request, will provide this information memorandum to Interested Parties that meet the Ministry's criteria.

Interested Parties shall have thirty (30) days from the date of Publication of the notice of the application in which to review the information memorandum and submit written comments to the Ministry.

Within sixty (60) days of its receipt of the proof of Publication, the Ministry shall review the application and submissions by Interested Parties, and may request additional information, supplemental materials or consultations to the extent necessary to make the determination to grant a License or reject the application."

Although the Ministry is receiving the comments from "Interested parties" and sets the criteria as to who they consist of, given information seen throughout this questionnaire regarding Aramco's heavy involvement in contracting and administration, it seems likely that "interested parties" would include Aramco, as well as potentially other SOCs. Given Aramco's great influence, it is conceivable that their recommendations to the Ministry would be weighted quite heavily, and thus SOCs would have leverage over the Ministry.

## OIL

"Doing Business with Us". Saudi Aramco website at <http://www.saudiaramco.com/en/home/doing-business-with-us/become-a-service-contractor/business-opportunities-for-service-providers/how-we-procure-contracts.html#doing-business-with-us%257C%252Fen%252Fhome%252Fdoing-business-with-us%252Fbecome-a-service-contractor%252Fbusiness-opportunities-for-service-providers%252Fhow-we-procure-contracts.baseajax.html>

"We don't negotiate base bids. We assume that your first price is your best and last price (there are exceptions to this policy, although they are very rare). So there's no need for you to include a contingency for negotiation. We may ask you to attend a clarification meeting to ensure that both parties have a clear understanding of the work and the terms and conditions of the contract. Base bids submitted in competitive circumstances are not negotiated or changed at these clarification meetings."

"Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia." Glada Lahn and Paul Stevens, Chatham House. December 2011. (attached)

Quote, Pg. 22: "One of the major challenges that Saudi Arabia faces is setting and implementing energy policy under its current bureaucratic structure, which has been described as 'hub and spoke' with little connection between ministries and agencies. There is also a general disconnect between government and business sectors when it comes to policy-making, with a lack of formal channels through which to engage sector forums. Saudi Arabia's government has protected or created 'island of efficiency' such as the central bank and the KACST, but it is also hobbled by multiple agencies and semi-fiefdoms, with little coordination between them when it comes to implementing nation-wide reforms."

## MINERALS

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

Quote from Slide 2: "ROLE OF THE DEPUTY MINISTRY FOR MINERAL RESOURCES (DMMR)

The Ministry is the only agency empowered to apply and administer the Mining Code, which includes granting concessions. Slide 7 shows that while the Minister can grant reconnaissance permits and exploration licenses, a royal decree must be issued to grant a mining lease.

## References:

"Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

"Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia." Glada Lahn and Paul Stevens, Chatham House. December 2011. (attached)

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

### 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:

The Saudi legislative branch is the Consultative Council (Majlis ash-Shura).

The website of the Majlis ash-Shura is:

<http://www.shura.gov.sa/wps/wcm/connect/ShuraEn/internet/home/>

From their "topics under study" page it doesn't look like they look at individual contracts.

(<http://www.shura.gov.sa/wps/wcm/connect/ShuraEn/internet/General+Subjects/Topics+under+study/>)

Under the Council of Ministers (effectively, the Cabinet), there is the Supreme Council of Petroleum and Mineral Affairs which acts a light regulator. This Council is also headed by the king. It has an oversight role regarding contacts and licenses in the petroleum sector, as it reviews these contracts. Furthermore, the Council receives and reviews Saudi Aramco's annual reports. Although the notice of a meeting by this Council is published, including the general agenda (such as review of contracts), none of these notices indicated that decisions by Saudi Aramco were vetoed.

Please see question 1.1.005.

#### References:

Please see question 1.1.005.

"The King is also advised by a legislative body called the Consultative Council (Majlis Al-Shura). The Council proposes new laws and amends existing ones." (<http://www.saudiembassy.net/about/country-information/government/>)

#### Peer Review Comments:

The Council of Ministers is the cabinet, which is an executive branch of government. The Majlis as-Shura (the consultative council) is the legislative branch. The Majlis as-shura can request disclosure of government documents, though it does not have access to financial data related to the oil sector. Further investigation would be needed to ascertain whether it can request disclosure of contracts, but it would appear unlikely.

<http://www.saudiembassy.net/about/country-information/government/>

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

Score: **A** B C

#### Comments:

Saudi Aramco states that: "Our contracts also provide for the fair and equitable resolution of disputes that may arise. Our claims and technical services unit is responsible for the resolution of claims. Claims must be filed according to the terms of each contract. Resolution occurs through our claim process and is approved by the Saudi Aramco contract signatory. Contractors have the right to appeal the decision through the establishment of a Saudi Aramco Contract Dispute Settlement Board (Appeal Board). Our contracts also normally contain arbitration provisions."

GAS - mid/downstream

"Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Quote: "Article 9. DISPUTE RESOLUTION

Disputes arising between the Ministry and any Licensee and disputes arising between any two or more Licensees or Third Parties and which are not capable of amicable settlement may be submitted to the CSGID established by the Supreme Council as set forth in Article 16 of the Regulations."

The CGSD is defined as "The Committee for the Settlement of Gas Industry Disputes as provided for in Article 16 of the Regulations." However, there is no Article 16 of the regulations; this may instead be a reference to Article 9.

#### References:

"Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

"Doing Business with Us" Saudi Aramco website: <http://www.saudiaramco.com/en/home/doing-business-with-us/become-a-service-contractor/business-opportunities-for-service-providers/how-we-procure-contracts.html#doing-business-with-us%257C%252Fen%252Fhome%252Fdoing-business-with-us%252Fbecome-a-service-contractor%252Fbusiness-opportunities-for-service-providers%252Fhow-we-procure-contracts.baseajax.html>

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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

#### Comments:

I found no such requirement.

#### References:

I found no such requirement.

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# Saudi\_Arabia - RWI Index Questionnaire

## Context

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Indicator	Score
2.1 Context	100 

### 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:

This indicator has been scored N/A because the upstream oil sector is monopolized by Saudi Aramco, the SOC. Because the government is the owner of the extracting company, the idea of "payments" to the government, in cash or kind, does not apply.

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007. (attached)  
Quote, pg. 47: "There is a distinct lack of transparency in the nature of the oil revenues accruing to the central government. The Saudi Arabian Monetary Agency (SAMA) report simply refers to oil revenues with no further detail."

"Annual Review 2010" Saudi Aramco. (attached)  
Pages 90-99: Saudi Aramco's Annual Review publishes yearly information on percentage of exports by region and number of shipments from ports, volume of crude oil exports, Saudi Aramco share of products (such as diesel, gasoline, fuel oil, etc.), domestic product sales by region, and more.

##### References:

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007. (attached)  
"Annual Review 2010" Saudi Aramco. (attached)

##### Peer Review Comments:

The answer is somewhat incomplete.  
For gas upstream: how do the operators in the JVs pay the state? I believe they pay the state (via Saudi Aramco) in gas, but this needs to be checked.  
For oil upstream: how do the operators in the neutral zone pay the state?

#### 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:

Both A and D.

"47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary

Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011. (attached)  
 Pgs. 120 – 121: Shows value of oil exports 2007-2010 for crude oil, refined products, petrochemicals  
 Pg. 144: value and destinations of resource exports

"REPORT OF THE WORKING PARTY ON THE ACCESSION OF THE KINGDOM OF SAUDI ARABIA TO THE WORLD TRADE ORGANIZATION" World Trade Organization. Nov 1 2005. Pg. 19 - This section regarding LNG sounds as though internal sales are preferable to KSA to spot sales and export.  
 Also see page 26: "Saudi Aramco is the sole concessionaire producing crude oil in Saudi Arabia with the exception of one enterprise in the Saudi Arabia-Kuwait Divided Zone. Saudi Aramco produced over 95 per cent, by both value and volume, of the crude oil exported from Saudi Arabia and is the only supplier of crude oil for domestic refineries. Saudi Aramco is not the sole concessionaire in the natural gas sector and significant investments by foreign investors relating to the upstream development of non-associated natural gas have been approved and are underway. Saudi Aramco sells crude oil to domestic refineries, joint venture refineries abroad, and other foreign refineries. The company also sells in Saudi Arabia the output of domestic refineries and shares in the marketing of the output from two refineries operated with joint venture partners."

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)  
 Quote from Slide 8: "state purchase of production restricted to 10%, subject to agreement and market prices"

#### References:

Annual Report of the Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011. (attached)

"REPORT OF THE WORKING PARTY ON THE ACCESSION OF THE KINGDOM OF SAUDI ARABIA TO THE WORLD TRADE ORGANIZATION" World Trade Organization. Nov 1, 2005.

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

#### Peer Review Comments:

It should be specified that the answer is both A and D. The national oil company markets all crude oil exports through end user contracts. (Source: V. Marcel, Oil Titans, 201-203). Another share of its production is sold to its own domestic and foreign refineries. The price of crude transfers to Saudi refineries is an internal price.

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

Score:  A  B  C  D  E

#### Comments:

"H.E. Mr. Osama Jafar Faquih President of the General Auditing Bureau Head of the Saudi Delegation To the 7th Global Forum on Building Trust in Government For Further Participation and Transparency - The Saudi's Message In Brief" <http://www.gab.gov.sa/doc/moraqen.pdf>  
 Quote, pg 9: "A directorate for the public finance was formed on 1924 G. for the management of the financial matters and to centralize it under one body. The Royal Order No. 381 for the year 1929 G. was issued changing the name of the Directorate of Public Finance to Ministry of Finance. The Ministry of finance has, thus, become responsible for organizing, keeping and collecting the state funds. Also it has become responsible for securing the sources of its revenues and expenditures. Furthermore, it has become the general reference for all the finances of the Hijazi - Najdi Kingdom and its dominions."

#### References:

"H.E. Mr. Osama Jafar Faquih President of the General Auditing Bureau Head of the Saudi Delegation To














the 7th Global Forum on Building Trust in Government For Further Participation and Transparency - The Saudi's Message In Brief" <http://www.gab.gov.sa/doc/moraqen.pdf>

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# Saudi\_Arabia - RWI Index Questionnaire

## Disclosure

[Back](#)

Indicator		Score
2.2A.020	Does the Ministry of Finance publish periodical information on revenue generation?	0 
2.2A.020.j	Does the Ministry of Finance publish information on disaggregated revenue streams?	13 
2.2A	Quality of reports	33 
2.2B.020	Does the Ministry of the extractive sector publish information on revenue generation?	26 
2.2B.020.j	Does the Ministry of the extractive sector publish information on disaggregated revenue streams?	0 
2.2B	Quality of reports	17 
2.2C.020	Does a Regulatory Agency publish information on revenue generation?	4 
2.2C.020.j	Does a Regulatory Agency publish information on disaggregated revenue streams?	8 
2.2C	Quality of reports	0 
2.2D.020	Does the Central Bank publish information on revenue generation?	44 
2.2D.020.j	Does the Central Bank publish information on disaggregated revenue streams?	14 
2.2D	Quality of reports	67 
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:

#### Ministry of Finance Statistical Tables

<http://www.mof.gov.sa/English/DownloadsCenter/Pages/Statistics.aspx>

There are statistical tables linked to on the website, but they require an official log-in to a Sharepoint site. No method of registration was available and so they could not be accessed by this researcher. Notes from the previous questionnaire indicate they were publicly accessible at that time but did not contain any data asked for by this questionnaire.

#### Ministry of Finance Budget Statement 2012

<http://www.mof.gov.sa/English/DownloadsCenter/Budget/Statement%20by%20the%20Ministry%20of%20Finance%202012%20Final.pdf>

This statement does not contain data regarding the information requested by the questionnaire.

<http://www.mof.gov.sa/English/TendersCenter/Pages/TenderList.aspx> Tenders List is empty

No concrete budget figures can be found on the website, only a statement by the Ministry of Finance regarding the budget for the year; it mainly contains positive information such as KSA's high ranking in the IFC/WB Doing Business index.

<http://www.mof.gov.sa/Arabic/Contracts/Pages/default.aspx>

<http://www.mof.gov.sa/Arabic/Contracts/Pages/proj1433-1434.aspx>

Click on the links for "Ministry of Petroleum and Mineral Resources – Petroleum"

<http://www.mof.gov.sa/Arabic/Contracts/14331434/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84%20%D9%88%D8%A7%D9%84%D8%AB%D8%B1%D9%88%D8%A9%20%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%86%D9%8A%D8%A9%20-%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84.pdf> and for

"Ministry of Petroleum and Mineral Resources - Mineral Resources"

<http://www.mof.gov.sa/Arabic/Contracts/14331434/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84%20%D9%88%D8%A7%D9%84%D8%AB%D8%B1%D9%88%D8%A9%20%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%86%D9%8A%D8%A9%20-%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84.pdf>

These contracts are not an actual signed contract, but list only the name and one-sentence description of a project conducted in the sector, for example, to develop administrative and financial systems using new technology.

#### References:

##### Ministry of Finance Statistical Tables

<http://www.mof.gov.sa/English/DownloadsCenter/Pages/Statistics.aspx>

##### Ministry of Finance Budget Statement 2012

<http://www.mof.gov.sa/English/DownloadsCenter/Budget/Statement%20by%20the%20Ministry%20of%20Finance%202012%20Final.pdf>

<http://www.mof.gov.sa/English/TendersCenter/Pages/TenderList.aspx> Tenders List

<http://www.mof.gov.sa/Arabic/Contracts/Pages/default.aspx>

<http://www.mof.gov.sa/Arabic/Contracts/Pages/proj1433-1434.aspx>

Click on the links for "Ministry of Petroleum and Mineral Resources – Petroleum"

<http://www.mof.gov.sa/Arabic/Contracts/14331434/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84%20%D9%88%D8%A7%D9%84%D8%AB%D8%B1%D9%88%D8%A9%20%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%86%D9%8A%D8%A9%20-%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84.pdf> and for

"Ministry of Petroleum and Mineral Resources - Mineral Resources"

<http://www.mof.gov.sa/Arabic/Contracts/14331434/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84%20%D9%88%D8%A7%D9%84%D8%AB%D8%B1%D9%88%D8%A9%20%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%86%D9%8A%D8%A9%20-%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84.pdf>

## 2.2A.020.b: Production volumes

**Score:** A B C  D E

**References:**

See sources for question 2.2A.020.a

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

**Score:** A B C  D E

**References:**

See sources for question 2.2A.020.a

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

**Score:** A B C  D E

**References:**

See sources for question 2.2A.020.a

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

**Score:** A B C D  E

**References:**

See sources for question 2.2A.020.a

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

**Score:** A B C  D E

**References:**

See sources for question 2.2A.020.a

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

**Score:** A B C  D E

**References:**

See sources for question 2.2A.020.a

---

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

**Score:** A B C  D E

**References:**

See sources for question 2.2A.020.a

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

**Score:** A B C  D E

**References:**

See sources for question 2.2A.020.a

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

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

**Score:** A B C  D E

**References:**

See sources for question 2.2A.020.a

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

**Score:** A B C D  E

**Comments:**

There are no PSCs.

**References:**

See sources for question 2.2A.020.a

**Peer Review Comments:**

There are no PSCs.

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**2.2A.020.j3: Royalties**

**Score:** A B C  D E

**References:**

See sources for question 2.2A.020.a

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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

**References:**

See sources for question 2.2A.020.a

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**2.2A.020.j5: Dividends**

**Score:** A B C  D E

**References:**

See sources for question 2.2A.020.a

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**2.2A.020.j6: Bonuses****Score:** A B C **(D)** E**References:**

See sources for question 2.2A.020.a

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

See sources for question 2.2A.020.a

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

See sources for question 2.2A.020.a

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

NCFEI (Saudi stock exchange) Share Price Index. 1985-2011.

[http://www.mof.gov.sa/English/Pages/Home.aspx?](http://www.mof.gov.sa/English/Pages/Home.aspx?oldUrl=http%3A%2F%2Fwww.mof.gov.sa%2Fen%2Fdocs%2Fstats%2Findex.htm)

oldUrl=http%3A%2F%2Fwww.mof.gov.sa%2Fen%2Fdocs%2Fstats%2Findex.htm Look under "statistical tables" and click on "The National Center for Financial and Economic Information's"

This table shows the share price index for various industries, including petrochemicals.

Ministry of Finance Statistical Tables

<http://www.mof.gov.sa/English/DownloadsCenter/Pages/Statistics.aspx>

There are statistical tables linked to on the website, but they require an official log-in to a Sharepoint site. No method of registration was available and so they could not be accessed by this researcher.

Notes from the previous questionnaire indicate they were publicly accessible at that time but did not contain any data asked for by this questionnaire.

Ministry of Finance Budget Statement 2012

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<http://www.mof.gov.sa/English/TendersCenter/Pages/TenderList.aspx> Tenders List is empty

No concrete budget figures can be found on the website, only a statement by the Ministry of Finance regarding the budget for the year; it mainly contains positive information such as KSA's high ranking in the IFC/WB Doing Business index.

<http://www.mof.gov.sa/Arabic/Contracts/Pages/default.aspx><http://www.mof.gov.sa/Arabic/Contracts/Pages/proj1433-1434.aspx>

Click on the links for "Ministry of Petroleum and Mineral Resources – Petroleum"

<http://www.mof.gov.sa/Arabic/Contracts/14331434/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9%2>



0%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84%20%D9%88%D8%A7%D9%84%D8%AB%D8%B1%D9%88%D8%A9%20%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%86%D9%8A%D8%A9%20-%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84.pdf and for "Ministry of Petroleum and Mineral Resources - Mineral Resources"  
<http://www.mof.gov.sa/Arabic/Contracts/14331434/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84%20%D9%88%D8%A7%D9%84%D8%AB%D8%B1%D9%88%D8%A9%20%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%86%D9%8A%D8%A9%20-%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84.pdf>  
 These contracts are not an actual signed contract, but list only the name and one-sentence description of a project conducted in the sector, for example, to develop administrative and financial systems using new technology.

### References:

NCFEI (Saudi stock exchange) Share Price Index. 1985-2011.  
<http://www.mof.gov.sa/English/Pages/Home.aspx?oldUrl=http%3A%2F%2Fwww.mof.gov.sa%2Fen%2Fdocs%2Fstats%2Findex.htm> Look under "statistical tables" and click on "The National Center for Financial and Economic Information's"

## 2.2A Quality of reports

### 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:

These tables/pieces of data available on the website are not true reports and do not include explanation or references; they are very sparse in terms of the information provided.

### References:

NCFEI (Saudi stock exchange) Share Price Index. 1985-2011.  
<http://www.mof.gov.sa/English/Pages/Home.aspx?oldUrl=http%3A%2F%2Fwww.mof.gov.sa%2Fen%2Fdocs%2Fstats%2Findex.htm> Look under "statistical tables" and click on "The National Center for Financial and Economic Information's"  
 This table shows the share price index for various industries, including petrochemicals.

Ministry of Finance Statistical Tables

<http://www.mof.gov.sa/English/DownloadsCenter/Pages/Statistics.aspx>

Ministry of Finance Budget Statement 2012

<http://www.mof.gov.sa/English/DownloadsCenter/Budget/Statement%20by%20the%20Ministry%20of%20Finance%202012%20Final.pdf>

<http://www.mof.gov.sa/English/TendersCenter/Pages/TenderList.aspx> Tenders List

<http://www.mof.gov.sa/Arabic/Contracts/Pages/default.aspx>

<http://www.mof.gov.sa/Arabic/Contracts/Pages/proj1433-1434.aspx>

Click on the links for "Ministry of Petroleum and Mineral Resources - Petroleum"

<http://www.mof.gov.sa/Arabic/Contracts/14331434/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84%20%D9%88%D8%A7%D9%84%D8%AB%D8%B1%D9%88%D8%A9%20%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%86%D9%8A%D8%A9%20-%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84.pdf> and for "Ministry of Petroleum and Mineral Resources - Mineral Resources"

<http://www.mof.gov.sa/Arabic/Contracts/14331434/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84%20%D9%88%D8%A7%D9%84%D8%AB%D8%B1%D9%88%D8%A9%20%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%86%D9>

%8A%D8%A9%20-%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84.pdf

## 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:

This information seems to be updated yearly, but again they are not true reports but rather a few data points available on the website.

### References:

Ministry of Finance Statistical Tables

<http://www.mof.gov.sa/English/DownloadsCenter/Pages/Statistics.aspx>

Ministry of Finance Budget Statement 2012

<http://www.mof.gov.sa/English/DownloadsCenter/Budget/Statement%20by%20the%20Ministry%20of%20Finance%202012%20Final.pdf>

<http://www.mof.gov.sa/English/TendersCenter/Pages/TenderList.aspx> Tenders List

<http://www.mof.gov.sa/Arabic/Contracts/Pages/default.aspx>

<http://www.mof.gov.sa/Arabic/Contracts/Pages/proj1433-1434.aspx>

Click on the links for "Ministry of Petroleum and Mineral Resources – Petroleum"

<http://www.mof.gov.sa/Arabic/Contracts/14331434/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84%20%D9%88%D8%A7%D9%84%D8%AB%D8%B1%D9%88%D8%A9%20%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%86%D9%8A%D8%A9%20-%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84.pdf> and for "Ministry of Petroleum and Mineral Resources - Mineral Resources"

<http://www.mof.gov.sa/Arabic/Contracts/14331434/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84%20%D9%88%D8%A7%D9%84%D8%AB%D8%B1%D9%88%D8%A9%20%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%86%D9%8A%D8%A9%20-%20%D8%A7%D9%84%D8%A8%D8%AA%D8%B1%D9%88%D9%84.pdf>

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

### 2.2B.020.a: Reserves

Score: A B  C D E

### Comments:

Information published on the website states reserve volume as of 2006: "The Kingdom ranks the world's first in oil reserves, production and exports. Its proven oil reserves by the end of 2006 amounted to approximately 259.9 billion barrels, constituting about 25% of the world's total oil reserves."

While the Ministry shares current information with OPEC, it is not disclosed by a government source.

### References:

"History of Oil and Gas" Ministry of Petroleum and Minerals website at

[http://www.mopm.gov.sa/mopm/detail.do?content=history\\_oil\\_and\\_gas](http://www.mopm.gov.sa/mopm/detail.do?content=history_oil_and_gas)

### Peer Review Comments:

The ministry of petroleum also publishes reserves data on an annual basis through OPEC and the

Annual Statistical Bulletin.  
[http://www.opec.org/opec\\_web/en/publications/202.htm](http://www.opec.org/opec_web/en/publications/202.htm)

(The ministry is responsible for data publication on production volumes, and it is their prerogative to share the information with OPEC. I take this from interviews I had in Saudi Arabia with ministry officials and Aramco managers. The description of Ministry responsibilities is in my book, *Oil Titans* (2006), p. 80. In it I do not specify the attribution of responsibility for publication, but write that the Ministry is responsible for determining volumes and the relationship with OPEC.)

## 2.2B.020.b: Production volumes

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

### Comments:

"What is the JODI Oil World Database?" Joint Organisations Data Initiative (JODI)

<http://www.jodidata.org/about-jodi/what-is-the-jodioil-world-database.aspx>

Quote, "When the Joint Organisations Data Initiative Oil (JODI Oil) was first launched in 2001, the primary goal was not to build a database but to raise the awareness of all oil market players to the need for more transparency in oil market data.

The first priority of the six organisations was to assess the oil data situation in their respective member countries in order to better qualify and quantify the perceived lack of transparency. The assessment included the collection of monthly oil statistics from each organisation's member countries by means of a harmonised questionnaire on 42 key oil data points... The IEF Secretariat, which took over the co-ordination of JODI in January 2005, and the six other partner organisations are fully aware of the limits and limitations of the database at this stage of its development. However, since transparency is central to the initiative, the organisations have undertaken to respond positively to the request expressed at the 5th JODI Conference that the database be made accessible to the public.

The organisations agreed to open the JODI Oil World Database to the public on the occasion of the inauguration of the IEF Secretariat premises by the Custodian of the Two Holy Mosques, King Abdullah Bin Abdulaziz Al-Saud on 19 November 2005. This decision was taken with the full knowledge that users might be disappointed, as not all the data for all the flows, products and countries are always available... The database consists of:

- Seven product categories: Crude Oil, LPG, Gasoline, Kerosene, Diesel Oil, Fuel Oil and Total Oil,
- Eight flows: Production, Demand, Refinery Intake and Output, Imports, Exports, Closing Stock Levels and Stock Change.
- Data in three different units: barrels, tons and litres
- Data for more than 90 participating countries
- Data from January 2002 to one month-old."

Joint Organisations Data Initiative (JODI) Database, available on-line at:

[http://www.jodidb.org/ReportFolders/reportFolders.aspx?sCS\\_referer=&sCS\\_ChosenLang=en](http://www.jodidb.org/ReportFolders/reportFolders.aspx?sCS_referer=&sCS_ChosenLang=en)

Saudi Arabia participates in updating the JODI Database. This Database is prominently linked to on the Ministry of Petroleum and Mineral Resources' website at: [http://www.mopm.gov.sa/mopm/detail.do?content=oil\\_jodi](http://www.mopm.gov.sa/mopm/detail.do?content=oil_jodi) I have therefore included this information as that published by the Ministry of Petroleum and Mineral Resources. Presumably they are also the authority responsible for collating this data and uploading it every month to JODI. Data exists on-line and free of charge from January 2002 through January 2012.

Information about total production volumes of various products (crude oil, etc.) per month are provided. No other information targeted by this questionnaire is published in the Database.

### References:

"What is the JODI Oil World Database?" Joint Organisations Data Initiative (JODI)

<http://www.jodidata.org/about-jodi/what-is-the-jodioil-world-database.aspx>

Joint Organisations Data Initiative (JODI) Database, available on-line at:

[http://www.jodidb.org/ReportFolders/reportFolders.aspx?sCS\\_referer=&sCS\\_ChosenLang=en](http://www.jodidb.org/ReportFolders/reportFolders.aspx?sCS_referer=&sCS_ChosenLang=en)

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

This information is not published anywhere on the website; only a few related data points about how the prices are set were discovered from different sources, but actual price points are not published by the Ministry.

"Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Article 8 regarding pricing does not list actual prices, rather discusses how prices are determined.

"Country Analysis Briefs: Saudi Arabia." Energy Information Association. Jan 2011. (Attached)  
Quote: "In addition to facing domestic supply shortages, Saudi Arabia has also come under pressure internationally for its subsidized natural gas prices. Generally, the price for natural gas for industrial and petrochemical use is set by the ministry at \$0.75 MMBtu, some of the lowest in the Gulf. This low price was set when most of Saudi Arabia's gas production came from inexpensive associated gas, but is inconsistent with the much more expensive high-sulfur gas production coming from offshore fields expected to cost from \$3.50 - \$5.50 MMBtu."

**References:**

General website of the Ministry of Petroleum and Minerals at <http://www.mopm.gov.sa>

"Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

"Country Analysis Briefs: Saudi Arabia." Energy Information Association. Jan 2011. (Attached)

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

"Oil Statistics" Ministry of Petroleum and Minerals website. [http://www.mopm.gov.sa/mopm/detail.do?content=oil\\_stats\\_2001\\_en](http://www.mopm.gov.sa/mopm/detail.do?content=oil_stats_2001_en)

All of the links on this website are broken, no information is available.

To see if this data was available anywhere (even though this question discusses only what the MOF publishes), I checked an international source: "Country Analysis Briefs: Saudi Arabia." Energy Information Association. Jan 2011. (Attached) - this information is derived from Saudi government sources.

Pgs. 5 - 6 describe barrel amounts but not value of oil exports, and breaks this down by country/region. It mentioned that Aramco has changed its pricing of oil exports to the US to the Argus Sour Crude Index (ASCI),

**References:**

"Oil Statistics" Ministry of Petroleum and Minerals website. [http://www.mopm.gov.sa/mopm/detail.do?content=oil\\_stats\\_2001\\_en](http://www.mopm.gov.sa/mopm/detail.do?content=oil_stats_2001_en)

"Country Analysis Briefs: Saudi Arabia." Energy Information Association. Jan 2011. (Attached)

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

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

**Comments:**

"Oil Statistics" Ministry of Petroleum and Minerals website. [http://www.mopm.gov.sa/mopm/detail.do?content=oil\\_stats\\_2001\\_en](http://www.mopm.gov.sa/mopm/detail.do?content=oil_stats_2001_en)

All of the links on this website are broken, no information is available.

"Ma'aden". Ministry of Petroleum and Mineral Resources' website at

[http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

Only general information is available on the site. Quote, "The company is also planning two mega-projects in the near future with an investment of approximately US\$11.7 billion."

Ministry of Petroleum and Mineral Resources website section "OAPEC Companies"

[http://www.mopm.gov.sa/mopm/detail.do?content=co\\_oapec](http://www.mopm.gov.sa/mopm/detail.do?content=co_oapec)

"The Kingdom through petromin jointly owns several of OAPEC sponsored Arab petroleum joint ventures". The page then lists the monetary value of investment by each JV including the percentage investment by the Kingdom.

**References:**

"Oil Statistics" Ministry of Petroleum and Minerals website. [http://www.mopm.gov.sa/mopm/detail.do?content=oil\\_stats\\_2001\\_en](http://www.mopm.gov.sa/mopm/detail.do?content=oil_stats_2001_en)

All of the links on this website are broken, no information is available.

"Ma'aden". Ministry of Petroleum and Mineral Resources' website at

[http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

Only general information is available on the site. Quote, "The company is also planning two mega-projects in the near future with an investment of approximately US\$11.7 billion."

Ministry of Petroleum and Mineral Resources website section "OAPEC Companies"

[http://www.mopm.gov.sa/mopm/detail.do?content=co\\_oapec](http://www.mopm.gov.sa/mopm/detail.do?content=co_oapec) May 2, 2009

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

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

**Comments:**

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>  
Production costs are not mentioned in the website or associated publications.

**References:**

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>

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

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

**Comments:**

Ministry of Petroleum and Mineral Resources website sections:

"Affiliate Companies": [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_ac](http://www.mopm.gov.sa/mopm/detail.do?content=co_ac)

"In-Kingdom Countries": [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_kingdom](http://www.mopm.gov.sa/mopm/detail.do?content=co_kingdom)

"Out of Kingdom Companies" [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_outside](http://www.mopm.gov.sa/mopm/detail.do?content=co_outside)

"OAPEC Companies" [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_oapec](http://www.mopm.gov.sa/mopm/detail.do?content=co_oapec)

For each of these sections, the production or refining capacity per year is listed, but actual amounts and values for various years are not provided

**References:**

Ministry of Petroleum and Mineral Resources website sections:

"Affiliate Companies": [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_ac](http://www.mopm.gov.sa/mopm/detail.do?content=co_ac)

"In-Kingdom Countries": [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_kingdom](http://www.mopm.gov.sa/mopm/detail.do?content=co_kingdom)

"Out of Kingdom Companies" [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_outside](http://www.mopm.gov.sa/mopm/detail.do?content=co_outside)

"OAPEC Companies" [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_oapec](http://www.mopm.gov.sa/mopm/detail.do?content=co_oapec)

Sites last updated Nov. 2009

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

Score: A B  C D E

### Comments:

Ministry of Petroleum and Mineral Resources website sections:

"Affiliate Companies": [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_ac](http://www.mopm.gov.sa/mopm/detail.do?content=co_ac)

"In-Kingdom Countries": [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_kingdom](http://www.mopm.gov.sa/mopm/detail.do?content=co_kingdom)

"Out of Kingdom Companies" [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_outside](http://www.mopm.gov.sa/mopm/detail.do?content=co_outside)

"OAPEC Companies" [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_oapec](http://www.mopm.gov.sa/mopm/detail.do?content=co_oapec)

For each of these sections, the production or refining capacity per year is listed, but actual amounts and values for various years are not provided.

"History of Oil and Gas" [http://www.mopm.gov.sa/mopm/detail.do?content=history\\_oil\\_and\\_gas](http://www.mopm.gov.sa/mopm/detail.do?content=history_oil_and_gas)

Only general information about total production amounts available: "The Kingdom's oil production averaged 8,9 million barrels per day (bpd) in 2006, or about 11% of world production, and the volume of its oil exports in the same year reached about 7 million barrels per day, or about 11% of world oil exports... Saudi gas operations also produce natural gas liquids (NGL), part of which is used domestically for household consumption and as a petrochemical feed stock while the rest is exported to world markets. In 2006 the total volume of NGL Production is over 399 million barrels, of which more than 285 million barrels were exported to the international markets."

### References:

Ministry of Petroleum and Mineral Resources website sections:

"Affiliate Companies": [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_ac](http://www.mopm.gov.sa/mopm/detail.do?content=co_ac)

"In-Kingdom Countries": [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_kingdom](http://www.mopm.gov.sa/mopm/detail.do?content=co_kingdom)

"Out of Kingdom Companies" [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_outside](http://www.mopm.gov.sa/mopm/detail.do?content=co_outside)

"OAPEC Companies" [http://www.mopm.gov.sa/mopm/detail.do?content=co\\_oapec](http://www.mopm.gov.sa/mopm/detail.do?content=co_oapec)

"History of Oil and Gas" [http://www.mopm.gov.sa/mopm/detail.do?content=history\\_oil\\_and\\_gas](http://www.mopm.gov.sa/mopm/detail.do?content=history_oil_and_gas)

Site last updated in Nov 2009

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

Score: A B C  D E

### Comments:

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>

Subsidies or social investments paid by mineral revenue are not mentioned in the website or associated publications.

### References:

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>

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

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

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

**Comments:**

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>  
Not mentioned in the website or associated publications.

**References:**

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>

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

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

**Comments:**

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)  
Quote from Slide 8: "state purchase of production restricted to 10%, subject to agreement and market prices"

There are no PSCs in the oil and gas sectors.

**References:**

"Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

**Peer Review Comments:**

It should be specified that there is no PSC in the oil and gas sector.

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

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

**Comments:**

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

General information about the licensing/bidding process but no specific royalties information

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>  
Subsidies or social investments paid by mineral revenue are not mentioned in the website or associated publications.

**References:**

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>

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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:**

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>  
Not mentioned in the website or associated publications.

There is a link on [http://www.mopm.gov.sa/mopm/detail.do?content=ngi\\_tax](http://www.mopm.gov.sa/mopm/detail.do?content=ngi_tax) to the national zakat (charitable religious contributions) website about "Natural Gas Investment Tax" but the link is broken, even after using a website to change IP country.

**References:**

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>

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

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

**Comments:**

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>  
Not mentioned in the website or associated publications.

**References:**

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>

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**2.2B.020.j6: Bonuses**

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

**Comments:**

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>  
Bonuses are not mentioned in the website or associated publications.

**References:**

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>

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

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

**Comments:**

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia". Undated. As published on the Ministry of Petroleum and Minerals' website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

General information about the licensing/bidding process but no specific information

Ministry of Petroleum and Mineral Resources' website at <http://www.mopm.gov.sa/>  
not mentioned in the website or associated publications.

Specific information is, however, available for mining:

"Deputy Ministry for Mineral Resources". Ministry of Petroleum and Minerals website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_dmmr](http://www.mopm.gov.sa/mopm/detail.do?content=min_dmmr)

This website lists various types of licenses, but has only general information on one type of licensing fee: "A Mining license confers the exclusive right to produce and exploit specified minerals in the license area. The area is restricted to a maximum of 50 sq.km. and is issued initially for a period of up to 30 years. A maximum surface rental of SR10,000 (approximately US\$2,667) per square kilometer per year



is payable.”

“Mining Code”. Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources’ website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)  
Quote from Slide 8: “Building Materials (Quarry Lease) Permit: fee for issue of Permit SR 1,000; severance fees are applicable”

**References:**

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia”. Undated. As published on the Ministry of Petroleum and Minerals’ website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Ministry of Petroleum and Mineral Resources’ website at <http://www.mopm.gov.sa/>

“Deputy Ministry for Mineral Resources”. Ministry of Petroleum and Minerals website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_dmmr](http://www.mopm.gov.sa/mopm/detail.do?content=min_dmmr)

“Mining Code”. Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources’ website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

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

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

**Comments:**

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia”. Undated. As published on the Ministry of Petroleum and Minerals’ website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)  
General information about the licensing/bidding process but no specific information.

Ministry of Petroleum and Mineral Resources’ website at <http://www.mopm.gov.sa/>  
Not mentioned in the website or associated publications.

**References:**

Specific information not found for oil or gas:

Gas Supplies and Pricing Regulation: Rules of Implementation – Kingdom of Saudi Arabia”. Undated. As published on the Ministry of Petroleum and Minerals’ website at [http://www.mopm.gov.sa/mopm/web-resources/documents/gspr\\_rules\\_en.pdf](http://www.mopm.gov.sa/mopm/web-resources/documents/gspr_rules_en.pdf)

Ministry of Petroleum and Mineral Resources’ website at <http://www.mopm.gov.sa/>

However, specific information was found for mining:

Specific information is, however, available for mining:

“Deputy Ministry for Mineral Resources”. Ministry of Petroleum and Minerals website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_dmmr](http://www.mopm.gov.sa/mopm/detail.do?content=min_dmmr)

This website lists various types of licenses, but has only general information on one type of licensing fee: “A Mining license confers the exclusive right to produce and exploit specified minerals in the license area. The area is restricted to a maximum of 50 sq.km. and is issued initially for a period of up to 30 years. A maximum surface rental of SR10,000 (approximately US\$2,667) per square kilometer per year is payable.”

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

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

**Comments:**

N/A

**References:**

N/A

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:**

Ministry of Petroleum and Minerals website at <http://www.mopm.gov.sa/> "Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

The information published by the Ministry for Petroleum and Mineral Resources is website content only, not reports. Website contents generally are not comprehensive (including only a few general data points each), do not contain definition of terms, but are arranged in a logical format and contain some useful context, such as laws and institutional structure. Minus their enormous deficiencies of content, the reports are generally written in a clear manner and are easy to understand.

**References:**

Ministry of Petroleum and Minerals website at <http://www.mopm.gov.sa/> "Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

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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:**

Ministry of Petroleum and Minerals website at <http://www.mopm.gov.sa/> "Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

The Ministry does not publish reports, rather website content. The website has not been updated since 2009. Therefore, I cannot mark that the information is updated/published annually.

**References:**

Ministry of Petroleum and Minerals website at <http://www.mopm.gov.sa/> "Mining Code". Developed by the Deputy Ministry for Mineral Resources of the Ministry for Petroleum and Mineral Resources. Attached and available on the Ministry of Petroleum and Mineral Resources' website at [http://www.mopm.gov.sa/mopm/detail.do?content=min\\_bg](http://www.mopm.gov.sa/mopm/detail.do?content=min_bg)

## 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:**

While this survey focuses on the upstream oil sector, it is important to note that Saudi Arabia has extensive underdeveloped natural gas reserves (see below). Considering the involvement of foreign private companies in the gas sector through the Strategic Gas Initiative, the Ministry of Petroleum's regulatory activities will become increasingly relevant as the sector develops.

Excerpt from the U.S. Energy Information Administration (EIA) webpage on Saudi Arabia:

"According to the Oil and Gas Journal, Saudi Arabia has proven natural gas reserves estimated at 275 trillion cubic feet (Tcf), fourth largest in the world behind Russia, Iran, and Qatar. Over 12 Tcf was added in 2010....However, natural gas production (estimated at 2.7 Tcf in 2007 remains limited, as soaring costs of production, exploration, processing and distribution of gas have squeezed supply, while an estimated 13 to 14 percent of total production is lost to venting, flaring, reinjection and natural processes according to OPEC and other sources. Saudi Arabia has no net imports or exports of natural gas. According to Saudi Aramco, only 15 percent of Saudi Arabia has been "adequately explored for gas"." (<http://www.eia.gov/countries/cab.cfm?fips=SA>)

**References:**

One would expect the Supreme Council of Petroleum and Mineral Affairs to publish information on revenue generation, as it is the regulator. However, there is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. In sum, simply because the regulator does not choose to regulate closely if at all, it still maintains the basic infrastructure of regulation, which could be enhanced should tighter regulation be a goal of the monarchy.

**Peer Review Comments:**

The ministry of petroleum has a regulatory agency in charge of upstream gas joint ventures. The extent of disclosure from the ministry on gas should be investigated.

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

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

**References:**

Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

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

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

**References:**

Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

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

**Score:** A B C  D E

**References:**

Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

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

**Score:** A B C D  E

**References:**

Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

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

**Score:** A B C  D E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

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

**Score:** A B C  D E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no

website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

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

**Score:** A B C  D E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

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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:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

---

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

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

**Score:** A B  C D E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

---

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

**Score:** A B C D  E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

There are no PSCs.

---

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

**Score:** A B  C D E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

---

**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

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

---

**2.2C.020.j5: Dividends**

**Score:** A B C  D E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

---

**2.2C.020.j6: Bonuses**

**Score:** A B C  D E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

---

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

**Score:** A B C  D E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

---

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

**Score:** A B C  D E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Acreage fees do not apply for upstream oil and therefore are not the prerogative of the SPC. Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

---

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

**Score:** A B C  D E

**References:**

No other information published by the Council on investment can be found. Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

**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:**

Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

---

**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:**

Please see question 1.1.005 establishing the role of the Council as the regulator, and establishing its lack of publications. There is no website for the Council nor publications on its behalf, besides press releases. These press releases provide only general information on its meetings. These meetings furthermore are not regular.

**Peer Review Comments:**

Amend to include the disclosure by the ministry of petroleum for upstream gas ventures.

---

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:**

The Central Bank of the KSA is the Saudi Arabian Monetary Agency (SAMA).

"47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011.

[tp://www.sama.gov.sa/sites/samaen/ReportsStatistics/Pages/AnnualReport.aspx](http://www.sama.gov.sa/sites/samaen/ReportsStatistics/Pages/AnnualReport.aspx) (File too large to attach)

Pg. 131 – Amount of gold reserves shown

142 – Kingdom's reserves of oil and natural gas, 2009 and 2010. This information for previous years is available in earlier ARs.

**References:**

Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011.

<http://www.sama.gov.sa/sites/samaen/ReportsStatistics/Pages/AnnualReport.aspx> (File too large to attach)

---

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



Score:  A  B  C  D  E

**Comments:**

Quote, pg. 24 and pg. 136: "The Kingdom's average daily oil production, according to the Ministry of Petroleum and Mineral Resources, was maintained at 8.2 million barrels per day in 2010, the same as in the preceding year."

Pg. 142 – 143: crude oil and refined products production volumes for 2009 and 2010. This information for previous years is available in earlier ARs.

145: production volumes for various types of mineral ores, 2006-2010

**References:**

"47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011.

[tp://www.sama.gov.sa/sites/samaen/ReportsStatistics/Pages/AnnualReport.aspx](http://www.sama.gov.sa/sites/samaen/ReportsStatistics/Pages/AnnualReport.aspx) (File too large to attach)

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

Score:  A  B  C  D  E

**Comments:**

Quote, pg. 24: "According to OPEC sources, oil prices in 2010 witnessed a remarkable increase, with the average price of Arabian Light rising by 26.7 percent to \$77.75 per barrel."

Pg. 101 – Shows average wholesale price index for mineral fuels and related products

138-139 – nominal prices, real prices and spot prices of crude oil, 1996-2011

**References:**

See source for question 2.2D.020.b

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

Score:  A  B  C  D  E

**Comments:**

Pgs. 120 – 121: Shows value of oil exports 2007-2010 for crude oil, refined products, petrochemicals

Pg. 144: value and destinations of resource exports

**References:**

See source for question 2.2D.020.b

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

Score:  A  B  C  D  E

**Comments:**

This information is not published.

**References:**

See source for question 2.2D.020.b

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

**Score:** A B C  D E

**Comments:**

This information is not published.

**References:**

See source for question 2.2D.020.b

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

**Score:** A B C  D E

**Comments:**

This information is not published. The report contains a reference to SABIC, but it does not list other SOCs, foreign companies, and others, much less in a systematic way.

**References:**

See source for question 2.2D.020.b

---

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

**Score:** A B C  D E

**Comments:**

This information is not published.

**References:**

See source for question 2.2D.020.b

---

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

**Score:** A B C  D E

**Comments:**

This information is not published. For example, the sections on education and health services does not contain information on how much of the services were provided directly or indirectly by oil/mineral revenue.

**References:**

See source for question 2.2D.020.b

---

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

---

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

**Score:**  A B C D E

**Comments:**

"47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011.

Pg. 108 – 109: Actual revenue and expenditures versus projections for oil versus non-oil revenues, 2008-2010

113-115: Contribution of oil sector to GDP 2007-2010 at current prices and at constant prices

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

Quote, pg. 47: "There is a distinct lack of transparency in the nature of the oil revenues accruing to the central government. The Saudi Arabian Monetary Agency (SAMA) report simply refers to oil revenues with no further detail."

**References:**

[http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500\\_R\\_Annual\\_En\\_47\\_2011\\_10\\_27.pdf](http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500_R_Annual_En_47_2011_10_27.pdf)

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

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

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

**Comments:**

This information is not published.

**References:**

See source for question 2.2D.020.b

**Peer Review Comments:**

There is no PSC.

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

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

**Comments:**

This information is not published.

**References:**

See source for question 2.2D.020.b

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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:**

Relevant tax information is not published (only information on taxes applied by foreign companies to Saudi oil).

**References:**

See source for question 2.2D.020.b

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

**Score:** A B C  D E

**Comments:**

This information is not published.

**References:**

See source for question 2.2D.020.b

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

**Score:** A B C  D E

**Comments:**

This information is not published.

**References:**

See source for question 2.2D.020.b

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

**Score:** A B C  D E

**Comments:**

This information is not published.

**References:**

See source for question 2.2D.020.b

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

**Score:** A B C  D E

**Comments:**

This information is not published.

**References:**

See source for question 2.2D.020.b

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

**Score:** A B C D  E

**References:**

"47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011.  
tp://www.sama.gov.sa/sites/samaen/ReportsStatistics/Pages/AnnualReport.aspx (File too large to attach)

2.2D Quality of reports

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**2.2D.021: Are periodical reports containing information on revenue generation published by the Central Bank understandable?**Score:  A  B  C  D  E**Comments:**

"47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011.  
tp://www.sama.gov.sa/sites/samaen/ReportsStatistics/Pages/AnnualReport.aspx (File too large to attach)

The report contains a section defining the main terms used and describing the institutions. It is extremely comprehensive, including many types of economic analysis on a macro level, although it does not generate detailed information on many of the indicators targeted by this questionnaire. Writing is comprehensible and in highly professional form.

**References:**

See source for question 2.2D.020.b

**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:**

One can see from this site that the reports are published yearly.

**References:**

"47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011.  
tp://www.sama.gov.sa/sites/samaen/ReportsStatistics/Pages/AnnualReport.aspx (File too large to attach)

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:**

N/A

**References:**

N/A

**2.2E.020.b: Production volumes**Score:  A  B  C  D  E**Comments:**

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached) - government-owned

bank

Pg. 3 – Actual volumes shown in table for 2007-2008, as well as projected volumes for 2009 and 2010

**References:**

“Saudi Economic Perspectives: July 2009” National Commercial Bank. (attached)

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

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

**Comments:**

“Saudi Economic Perspectives: July 2009” National Commercial Bank. (attached)

Pg. 2: “Saudi crude oil prices are expected to average around USD54/bbl in 2009. The fiscal account will fall into deficit of around 4% of GDP, as the government resorts to its accumulated reserves to increase expenditure and support economic growth. The current account is expected to fall into a relatively smaller deficit of around 3% of GDP, as imports are expected to decline. But with Saudi crude oil prices moving higher to an average of USD65/bbl in 2010, the twin balances will once again realize surpluses.”

Pg. 3: “Our macroeconomic projections are based on an average crude oil price (Arab Light) of USD54/bbl and an average daily crude oil production level of 8.0 million b/d (out of which 70% is exported) in 2009.”

Pg. 3 – Table shows average prices for 2007-2008, projections for rest of 2009 and projections for 2010

**References:**

“Saudi Economic Perspectives: July 2009” National Commercial Bank. (attached)

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

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

**Comments:**

“Saudi Economic Perspectives: July 2009” National Commercial Bank. (attached)

Pg. 3 – Actual Value of oil and non-oil exports provided in the table for 2007 – 2008 and projected value for rest of 2009 and 2010

**References:**

“Saudi Economic Perspectives: July 2009” National Commercial Bank. (attached)

**Peer Review Comments:**

It would be useful to explain the national status of this bank:

In 1999, the government of Saudi Arabia acquired a majority holding in the Bank through the Ministry of Finance's Public Investment Fund (PIF).

[http://en.wikipedia.org/wiki/National\\_Commercial\\_Bank](http://en.wikipedia.org/wiki/National_Commercial_Bank)

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

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

**Comments:**

RCJY

The International Resource Journal, Oct. 2011.

“Working Towards a More Diversified Saudi Economy”, Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.

Pg. 23: “To date the total value of all contracts awarded by the Royal Commission for the development of Rass Al-Khair [sic] has reached 944 million Saudi Riyals. There are also two additional contracts available for service providers to conduct environmental impact studies on the city and oversee

environmental monitoring. These other contracts will bring the value of the total contracts awarded for Ras Al-Khair's infrastructure development to a staggering 1.6 billion Saudi Riyals."

NCB

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

Pg 10: "In contrast, projects in the oil and gas sector are moving ahead strongly, with USD7.6 billion being awarded." This information was for 2009.

**References:**

RCJY

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.

NCB

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

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

**Score:** A B C D  E

**Comments:**

N/A

**References:**

N/A

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

**Score:** A B C D  E

**Comments:**

N/A

**References:**

N/A

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

**Score:** A B C D  E

**Comments:**

N/A

**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

**Comments:**

N/A

**References:**

N/A

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

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

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

**Comments:**

Detailed production streams not available, but overall revenue value is published by various government entities.

NCB

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

Pg. 12: Total oil revenue actual for 2007-2008 and projections for 2009-2010 are shown.

GENERAL INVESTMENT AUTHORITY

The International Resource Journal, Oct. 2011.

"The Kingdom of Saudi Arabia (KSA) – The World's Oil and Gas Epicentre"

Pg. 16: "Until 2000 foreign companies were limited to a 49 per cent share of joint ventures with Saudi domestic partners. Following that year a new law was issued aimed at attracting foreign investment in the country's energy sector. Under this law, companies were permitted full foreign ownership of Saudi property and licensed projects that have been set up the Saudi Arabian General Investment Authority."

RCJY

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubail and Yanbu.

Pg. 21: "Just over 35 years ago the Royal Commission for Jubail and Yanbu (RCJY) was established as an autonomous Saudi government organization. Its mission: Planning, promoting, developing and managing petrochemical-intensive industries through a focus on customers and partnerships with investors, employees, communities and other stakeholders. "

Pg. 22: "Fueling this notable growth is a government strategy which focuses on actively seeking to diversify the national economy's revenue streams. In this regard the RCJY's work in formulating policies and overseeing their implementation is of vital strategic importance- one of the reasons why its Chairman, His Highness Prince Saud Bin Abdullah Bin Thunayan Al Saud reports to the Saudi Council of Ministers. The RCJY's most prominent responsibilities include operating and managing two industrial cities: Jubail and Yanbu. By the end of 2010, the Commission's management of these two cities had generated a Gross National Product of 130 billion Saudi Riyals attracting 558 billion Saudi Riyals... in the process. Following this overwhelming success, in early 2011, the Saudi Council of Ministers announced that 'Ras Al Khair' – an emerging mining area and industrial port which was previously known as 'Ras Azzor' on the eastern coast of Saudi Arabia- will be part of the territories falling under RCJY's responsibility."

Pg. 26: "...we at RCJY account for 80 per cent of our country's total non-oil exports."

Pg. 32-33: Publishes information current by end of 2010 on the Commission's contribution to both total and non-oil GDP, monetary investments by type and total, production tones and monetary value, tons of exports, and monetary amount of income and zakat taxation (these figures are shown together but presumably if you subtract 7% of total revenue from this figure, it will leave you with the income taxation amount).

NATIONAL COMMERCIAL BANK

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

The National Commercial Bank published a report entitled "Saudi Economic Perspectives: July 2009". This report (attached) contains information on revenue generation in the extractive industries.

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)



Quote, Pgs. 12-13: "A large portion of the oil income has been saved in recent years. Despite the strong upturn in spending, compared with previous oil booms, robust oil revenue increases have largely been saved, leading to a marked improvement in the external balance. By looking at the change in the current account over the change in oil revenues, we can estimate how much of the windfall revenue has been spent during different oil price shock periods<sup>1</sup> The government had on average spent 21% of its additional oil revenue in 2003-05, compared with 45% in 1973-75 and 41% in 1978-81. While the government spending level may well have increased to 66% in 2006 and surpassed the extra oil revenues attained in 2007, it fell to 47% in 2008 as oil revenues surged. Large savings out of oil revenues are reflected in the rapid accumulation of foreign assets in the central bank. Net foreign assets held at SAMA amounted to USD449 billion in December 2008, equivalent to 96% of GDP in 2008. These constitute a large portion of official reserves, which provide a significant buffer against the recent oil price shock."

**References:**

GENERAL INVESTMENT AUTHORITY

The International Resource Journal, Oct. 2011.

"The Kingdom of Saudi Arabia (KSA) – The World's Oil and Gas Epicentre"

RCJY

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

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**2.2E.020.j2: Government s share in PSC****Score:** A B C D  E**Comments:**

N/A

**References:**

N/A

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**2.2E.020.j3: Royalties****Score:** A B C D  E**Comments:**

N/A

**References:**

N/A

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**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**Comments:**

N/A

**References:**

N/A

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

N/A

**References:**

N/A

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

N/A

**References:**

N/A

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

N/A

**References:**

N/A

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

N/A

**References:**

N/A

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

GENERAL INVESTMENT AUTHORITY

The International Resource Journal, Oct. 2011.

"The Kingdom of Saudi Arabia (KSA) – The World's Oil and Gas Epicentre"

Pg. 16: "Until 2000 foreign companies were limited to a 49 per cent share of joint ventures with Saudi domestic partners. Following that year a new law was issued aimed at attracting foreign investment in

the country's energy sector. Under this law, companies were permitted full foreign ownership of Saudi property and licensed projects that have been set up the Saudi Arabian General Investment Authority."

RCJY

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.

Pg. 21: "Just over 35 years ago the Royal Commission for Jubail and Yanbu (RCJY) was established as an autonomous Saudi government organization. Its mission: Planning, promoting, developing and managing petrochemical-intensive industries through a focus on customers and partnerships with investors, employees, communities and other stakeholders. "

Pg. 22: "Fueling this notable growth is a government strategy which focuses on actively seeking to diversify the national economy's revenue streams. In this regard the RCJY's work in formulating policies and overseeing their implementation is of vital strategic importance- one of the reasons why its Chairman, His Highness Prince Saud Bin Abdullah Bin Thunayan Al Saud reports to the Saudi Council of Ministers. The RCJY's most prominent responsibilities include operating and managing two industrial cities: Jubail and Yanbu. By the end of 2010, the Commission's management of these two cities had generated a Gross National Product of 130 billion Saudi Riyals attracting 558 billion Saudi Riyals... in the process. Following this overwhelming success, in early 2011, the Saudi Council of Ministers announced that 'Ras Al Khair' – an emerging mining area and industrial port which was previously known as 'Ras Azzor' on the eastern coast of Saudi Arabia- will be part of the territories falling under RCYJ's responsibility."

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Pg. 32-33: Publishes information current by end of 2010 on the Commission's contribution to both total and non-oil GDP, monetary investments by type and total, production tones and monetary value, tons of exports, and monetary amount of income and zakat taxation (these figures are shown together but presumably if you subtract 7% of total revenue from this figure, it will leave you with the income taxation amount).

NATIONAL COMMERCIAL BANK

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

The National Commercial Bank published a report entitled "Saudi Economic Perspectives: July 2009".

This report (attached) contains information on revenue generation in the extractive industries.

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

Quote, Pgs. 12-13: "A large portion of the oil income has been saved in recent years. Despite the strong upturn in spending, compared with previous oil booms, robust oil revenue increases have largely been saved, leading to a marked improvement in the external balance. By looking at the change in the current account over the change in oil revenues, we can estimate how much of the windfall revenue has been spent during different oil price shock periods<sup>1</sup> The government had on average spent 21% of its additional oil revenue in 2003-05, compared with 45% in 1973-

75 and 41% in 1978-81. While the government spending level may well have increased to 66% in 2006 and surpassed the extra oil revenues attained in 2007, it fell to 47% in 2008 as oil revenues surged.

Large savings out of oil revenues are reflected in the rapid accumulation of foreign assets in the central bank. Net foreign assets held at SAMA amounted to USD449 billion in December 2008, equivalent to 96% of GDP in 2008. These constitute a large portion of official reserves, which provide a significant buffer against the recent oil price shock."

## References:

GENERAL INVESTMENT AUTHORITY

The International Resource Journal, Oct. 2011.

"The Kingdom of Saudi Arabia (KSA) – The World's Oil and Gas Epicentre"

RCJY

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.

NATIONAL COMMERCIAL BANK

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

## 2.2E Quality of reports

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### 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**

**Comments:**

Quality of reporting by government entity varies. The highest quality is from: "Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)  
This report is comprehensive, providing a great deal of sophisticated macroeconomic data and projections. Explanations for projections are based on solid data and logic. Explanations and terms used are equivalent to international standards of economic reporting. The report was written with a high level of English language capacity and is on par with international standards of economic reporting.

I have based the score off of this report.

**References:**

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

---

### 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**

**Comments:**

Again, the highest-quality and most often produced report is produced by the NCB, so score is reported for that here. These reports seem to be published monthly.

**References:**

"Saudi Economic Perspectives: July 2009" National Commercial Bank. (attached)

---

## 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:**

47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011. (attached)  
No, the government does not include the SOC financial balance (its assets and liabilities) within the public sector or overall balance.

**References:**

47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011. (attached)

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### 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:**

47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011. (attached)  
The government publishes general information about revenues from oil resources and non-oil revenues. It does not 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.

**References:**

47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011. (attached)

**Peer Review Comments:**

In light of the fact that the government only produces general revenue information, and no information specific to its sovereign wealth fund, I would say the answer is D.

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**2.2.025: Does the government provide information on the non resource fiscal balance in its budget proposal?****Score:** **(A)** B C**Comments:**

47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011. (attached)  
Yes, the government includes information on the non-resource fiscal balance in its budget proposal.

**References:**


47th Annual Report: The Latest Economic Developments 1432H/2011G". Saudi Arabian Monetary Agency (SAMA), pub. 2011. Covers FY 2010 and Q1 2011. (attached)

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# Saudi\_Arabia - RWI Index Questionnaire

## Legal Framework and Practices

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Indicator	Score
2.3 Legal Framework and Practices	24 

### 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:

"H.E. Mr. Osama Jafar Faquih President of the General Auditing Bureau Head of the Saudi Delegation To the 7th Global Forum on Building Trust in Government For Further Participation and Transparency - The Saudi's Message In Brief" <http://www.gab.gov.sa/doc/moraqen.pdf>  
Quote, pg 9: "A directorate for the public finance was formed on 1924 G. for the management of the financial matters and to centralize it under one body. The Royal Order No. 381 for the year 1929 G. was issued changing the name of the Directorate of Public Finance to Ministry of Finance. The Ministry of finance has, thus, become responsible for organizing, keeping and collecting the state funds. Also it has become responsible for securing the sources of its revenues and expenditures. Furthermore, it has become the general reference for all the finances of the Hijazi - Najdi Kingdom and its dominions."

##### References:

"H.E. Mr. Osama Jafar Faquih President of the General Auditing Bureau Head of the Saudi Delegation To the 7th Global Forum on Building Trust in Government For Further Participation and Transparency - The Saudi's Message In Brief" <http://www.gab.gov.sa/doc/moraqen.pdf>

#### 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:

The researcher could not find evidence describing exactly where these funds are deposited after collection by the Ministry of Finance, how disbursements take place, etc.

##### References:

I could not find evidence describing exactly where these funds are deposited after collection by the Ministry of Finance, how disbursements take place, etc. National budgeting process is very opaque.

#### 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

**Comments:**

No evidence for such disclosure requirements could be found.

**References:**

No evidence for such disclosure requirements could be found.

**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:**

<http://www.business-anti-corruption.com/country-profiles/middle-east-north-africa/saudi-arabia/initiatives/public-anti-corruption-initiatives/>

"Auditor General: The General Auditing Bureau (GAB) was established in 1954 within the jurisdiction of the Council of Ministers. In 1971, a Royal Decree led to the GAB being established in its present form. The GAB is tasked with public auditing in Saudi Arabia and is one of the lead agencies in the fight against corruption. The GAB is responsible for the execution of post-auditing of state revenues, expenditures, current and fixed assets and to oversee the proper use and maintenance of these resources. Moreover, it carries out both performance and financial audits. To act on the findings of the GAB, an Auditing and Investigation Commission (AIC) has been established. The AIC's jurisdiction covers the audit and investigation of all matters concerning public officials' abuse of office. The objective is to ensure an effective and efficient level of administrative performance, both within public agencies and public corporations. The AIC's jurisdiction also covers crimes of forgery, bribery and embezzlement of government funds. The GAB reports its findings and results directly to the king. In addition, the head of the GAB can only be discharged by the king. The GAB produces annual reports, but these are not published and, according to Freedom House 2010, are available only to a selected few government functionaries. According to the report, the GAB, whose senior officials are appointed by the king, has little control over royal agencies. Similarly, according to the Bertelsmann Foundation 2008, the GAB has no effective leverage over some Saudi large institutions like the Ministries of Interior and Defence, which remain unaccountable in practice. Moreover, the National Society for Human Rights, a Saudi Arabian NGO, reported in March 2009 that the GAB was incapable of carrying out its surveillance role over government agencies and recommended that it should be given more authority to question and investigate top government officials."

<http://www.gab.gov.sa/doc/moraqen.pdf>

Pg 10 discusses MOF and oversight of public investment fund; MOF collects all revenues from kingdom and distributes

"Public Investment Fund: . Ministry of Finance website at

<http://www.mof.gov.sa/english/Pages/investment.aspx>

Financial reports of the PIF of MOF are audited, but the reports are not published by the Ministry or other sources.

A Supreme Council (like a Parliamentary Committee) also scrutinizes reports on extractive industry funds.:

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

Quote. Pg. 44: "In theory, the activities of Saudi Aramco are monitored by the SPC. In practice, Saudi Aramco is virtually self-regulating and the SPC only provides light supervision, mainly endorsing decisions made by Saudi Aramco."

Pg. 45 – "There is effective transparency between Saudi Aramco and the government through the oversight of the SPC. This information, which includes detailed operating reports and independently audited financial accounts, is not available outside of the SPC to the rest of the society or indeed many other parts of the government – although eight ministers are members of the SPC. This raises an interesting question: is public disclosure a necessary requirement for effective operation? Disclosure of

more information would hopefully improve general public trust in the sector in the eventuality that this trust is challenged."

Pg. 48 – "This relationship can be seen when the government effectively leaves Saudi Aramco to its day-to-day operations without any attempts at micromanagement or interference. Also, financial accounts are based upon best-practice procedure supervised by an internal auditing committee that is overseen by independent foreign auditors. In this respect, Saudi Aramco is, in financial terms, like any IOC. The only difference –and it is key – that there is only one shareholder (the government), who chooses not to reveal the accounts."

**References:**

"Public Investment Fund". Ministry of Finance website at <http://www.mof.gov.sa/english/Pages/investment.aspx>

"Public Anti-Corruption Initiatives" Business anti-corruption portal. Copyright 2011. <http://www.business-anti-corruption.com/country-profiles/middle-east-north-africa/saudi-arabia/initiatives/public-anti-corruption-initiatives/>

"H.E. Mr. Osama Jafar Faquih President of the General Auditing Bureau Head of the Saudi Delegation To the 7th Global Forum on Building Trust in Government For Further Participation and Transparency The Saudi's Message in Brief" <http://www.gab.gov.sa/doc/moraqen.pdf>

**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:**

See previous comment.

**References:**

See sources for question 2.3.029

**Peer Review Comments:**

The GAB reports directly to the King.

**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:**

Oversight by a non-parliamentary body (the SCPMA). There is no representative parliament in the Kingdom, only a consultative assembly of members appointed by the King.

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.  
See quoted passages in previous question.

"Saudi oil council reviews world market situation"  
" P.K. Abdul Ghafour. ArabNews. June 27, 2011. <http://arabnews.com/saudiarabia/article462877.ece>  
Quote: "Custodian of the Two Holy Mosques King Abdullah on Monday presided over a meeting of the Supreme Council for Petroleum and Mineral Affairs and reviewed the world oil market situation. The council approved Saudi Aramco's five-year working plan (2012-2016) and the 2010 annual report of its board of directors. It appointed an external auditor for the company and its affiliates. It also reviewed the technical and financial reports regarding companies licensed to carry out mining operations."

"Oil and Governance: State-owned Enterprises and the World Energy Supply". Eds. David G. Victor,



David R. Hultz, Mark Thurber. Cambridge University Press, 2012. pgs. 222-223. Available at : [http://books.google.com/books?id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)

"In January, 2000, a Supreme Council for Petroleum and Mineral Affairs (SPMC) was set up by Royal decree issued the Custodian of the two Holy Mosques King Fahd Bin Abdul-Aziz. The council was set up to operate for four years renewable by royal decree. The Council has the final word on all affairs of petroleum, gas and other hydrocarbon Materials including, for instance: 1 - Fixing and deciding the policies and strategies for petroleum, gas and other hydrocarbon materials in light of national circumstances and interests. This includes determining the size of production, deciding the pricing plans of different fuel sources in the Kingdom. 2 - Setting the general policy for the Saudi Aramco company, particularly: a) Endorsing the company's five-year plan including its program to produce crude oil and its program for exploration for new reserves of hydrocarbon materials and developing them. b) Endorsing the company's five-year program for capital future investments c) Appointing the company's chairman upon a nomination by the board of directors d ) Appointing an auditor and fixing his financial compensations e) Reviewing the auditor's report and endorsing the company's budget and profit and loss accounts f) Accrediting the annual report of the board of directors and acquitting the board of directors for the year in question g) Deciding whether to increase, decrease the capital of the company or allow others to contribute in it h) Fixing the salaries of the chairman and members of the board of directors i) Appropriating any increase in the net value of the rights and assets of the company either to increase its capital or transfer it to the company's reserves"

#### References:

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007. Quote, pg. 43. (attached)

"Saudi oil council reviews world market situation

" P.K. Abdul Ghafour. ArabNews. June 27, 2011. <http://www.arabnews.com/node/382159>  
As this article makes clear, the SCPMA reports directly to the king.

"Oil and Governance: State-owned Enterprises and the World Energy Supply". Eds. David G. Victor, David R. Hultz, Mark Thurber. Cambridge University Press, 2012. pgs. 222-223. Available at : [http://books.google.com/books?id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)

id=pBuV5z\_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false

#### Peer Review Comments:

Reports on resource are scrutinized, but not by a parliamentary committee (only the SCPMA). Therefore the suggested answer is E.

### 2.3.032: Is this country an EITI candidate or compliant country?

Score: A B C  D E

#### Comments:

Saudi Arabia is not implementing the EITI nor has expressed interest to implement this initiative.


#### References:

EITI website at <http://eiti.org/countries> and <http://eiti.org/candidatecountries>

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# Saudi\_Arabia - 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:

In summary, Saudi Aramco operates a state-created monopoly over the oil sector. It conducts exploration, production and selling of oil and oil products, but it contracts services or procure goods through private companies. There is, however, significant private and foreign downstream investment in the sector and in upstream for mining, etc. but SOCs here still play a dominant role.

Saudi Aramco – for oil

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

Quote, pg. 43: "Within the petroleum sector, apart from capacity levels and a few other decisions, Saudi Aramco is left to determine its own objectives and their prioritization...in the Saudi case there is effectively a protective wall around Saudi Aramco and the only entry route to influence what the company does is via the SPC and the Ministry of Petroleum and Natural Resources. Unlike Kuwait, by strict order of successive kings, Saudi Aramco has been protected from political influence."

Quote, pg. 46: "In particular, the Ministry of Finance and some of the senior members of the government wish to see the Saudi Aramco's monopoly broken. This concern was evident in the government's attempt to open the sector to IOC investment in the late 1990s. Given that Saudi Aramco is carefully insulated from such debates, at present it is unlikely that this lack of alignment affects the daily operations of the company in any negative way."

Pgs. 50-51: These pages describe how the KSA government wanted to open upstream access to oil and gas by international companies, but Saudi Aramco used information asymmetries to its advantage and stymied review of bids and award of contracts. Quote, pg. 51: "These events represented a major departure from the way in which the sector has been managed. Previously, it was Saudi Aramco and the Ministry of Oil that laid out plans and strategies for approval by the government. The opening initiative came from the government, and was perceived by the oil sector as being imposed upon the oil technocrats, much to their dismay. It took some time for the sector to reassert its dominance, but it did so simply by virtue of natural information asymmetries."

Pg. 53: "The national oil company (NOC) is treated as a corporatized entity with a financial system that creates incentives for low-cost operations, although lack of data makes it difficult to support this assertion. Observers converge in concluding that investments are made to maximize the recovery factor. This is in line with the choice of maximizing revenues from petroleum, in a situation of strong dependency of economic development on government revenue from oil. In spite of some government efforts, private sector investment upstream has been restricted so far, not the least by the incumbent NOC."

Saudi Aramco follows government plans...

The International Resource Journal, Oct. 2011.

"The Kingdom of Saudi Arabia (KSA) – The World's Oil and Gas Epicentre"

Pg. 12: "Saudi Aramco, the state-owned national oil company, is widely regarded as the world's most valuable company. Headquartered in Dhahran, Saudi Arabia, it is responsible for the operation of all of Saudi Arabia's oil and gas exploration, production and distribution."

Pg. 15: "In the 1970s the Saudi government developed a plan to use the gas to provide fuel and

feedstock for various industries. Saudi Aramco designed and constructed the Master Gas System, which was the world's largest project undertaken by a single company. The network of gas collection facilities and processing created a backbone for the development of Saudi Arabia's gas industry and made Saudi Aramco the world's largest exporter of liquefied petroleum gas."

"Saudi Arabia's hydrocarbon sector operations are dominated by the state-owned oil company, Saudi Aramco. Saudi Aramco is the world's largest oil company in terms of proven reserves and production of hydrocarbons." (EIA Country Analysis Brief: Saudi Arabia)

SABIC – for petrochemicals

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007. (attached)  
Quote, pg. 46: "Created to invest in petrochemicals, NAMA is a private consortium of some 300 Saudis and other Gulf Cooperation Council (GCC) nationals, in which the Saudi Arabia Basic Industries Corporation (SABIC) has a 10 percent stake. SABIC was created in 1976 to promote petrochemicals and metals in Saudi Arabia; 70 percent is currently owned by the Saudi government and 30 percent by the private sector. Its broad plans are to expand by moving further down the value chain."

MA'ADEN – for minerals

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.

Pg. 26- 28: "As for mining, he says, the investment in and development of the country's mineral resources and its related extractive industries is a long-term cumulative process which requires a lot of effort on the part [sic] of specialized government authorities...Among the reasons of establishing the Saudi Arabian Mining Company (Ma'aden) was growing and developing the mining industry via the company's mandate which facilitates all sorts and stages of mining activity too. In fact, Ma'aden is undertaking two massive mining projects in Ras Al-Khair to extract phosphates and aluminum."

Ma'aden official website, "About Us" page: <http://www.maaden.com.sa/en/about/history>

Quote: "Ma'aden was formed by Royal decree in 1997 to facilitate the development of Saudi Arabia's mineral resources and was originally wholly owned by the Saudi Government before 50% of its shares were floated on the Saudi Stock Exchange (Tadawul) in 2008. Initially Ma'aden's activities focused on expanding its active gold business which now includes five mines and over 11 million ounces of JORC compliant gold resources at operational and exploration sites. Ma'aden has also developed its activities beyond gold with the development of Ma'aden Phosphate Company, which started production in 2011, its aluminium project which is currently under construction and a number of other projects. Ma'aden's exploration teams are working to expand available resources in existing business areas as well as to broaden the company's mineral portfolio."

**SUBSIDIARIES IN MINERAL SECTOR:**

"2009 Minerals Yearbook: Saudi Arabia [Advance Release]". US Geological Survey.

Quote, pg. 54.1: "The Government maintained ownership interest in most of the large companies that operated in the mineral sector, which included Saudi Basic Industries Corp. (SABIC) and Ma'aden. Subsidiaries of SABIC included Al-Jubail Fertilizer Co., National Chemical Fertilizer Co., Saudi Arabian Fertilizer Co., Saudi Iron and Steel Co. (Hadeed), and several petrochemical companies. Exploration for and production of crude oil in Saudi Arabia were restricted to Saudi Aramco, which formed joint ventures with international firms to explore for natural gas and to refine petroleum. The Ministry of Petroleum and Mineral Resources supervised its affiliate companies in the mineral and petroleum sectors; these included Aramco Gulf Operation Ltd., Ma'aden, and Saudi Aramco. Aramco Gulf Operation and Saudi Arabian Chevron Inc. (which was a subsidiary of Chevron Corp. of the United States) worked in the Partitioned Neutral Zone between Kuwait and Saudi Arabia on behalf of the Ministry. The Ministry also supervised the Saudi Geological Survey."

### **References:**

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

The International Resource Journal, Oct. 2011.

"The Kingdom of Saudi Arabia (KSA) – The World's Oil and Gas Epicentre"

EIA Country Analysis Brief: Saudi Arabia, 2011

[http://www.eia.gov/EMEU/cabs/Saudi\\_Arabia/pdf.pdf](http://www.eia.gov/EMEU/cabs/Saudi_Arabia/pdf.pdf)

MA'ADEN – for minerals/mining

The International Resource Journal, Oct. 2011.

"Working Towards a More Diversified Saudi Economy", Prince Saud Bin Abdullah Bin Thunayan Al Saud, Chairman of the Royal Commission for Jubal and Yanbu.

Ma'aden official website, "About Us" page: <http://www.maaden.com.sa/en/about/history>

SUBSIDIARIES IN MINERAL SECTOR:

"2009 Minerals Yearbook: Saudi Arabia [Advance Release]". US Geological Survey.

**Peer Review Comments:**

Amend to include Gas Upstream (core joint ventures with foreign companies).

**3.1.1.034: How is government ownership of resource companies structured in this country?**

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

**Comments:**

The oil sector operates as a monopoly, but the government has been trying to increase private investment in the country by selling its shares in certain companies, etc.

Saudi Aramco is owned by the government, but Aramco generally makes its own decisions, with general policy direction set by the MOPM and the Supreme Council of Petroleum and Mineral Affairs.

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

Quote, pg. 48: "Saudi Aramco operates on a corporatized basis. It is allowed to keep its revenue from crude and product sales, and then pays royalties and dividends equivalent to 93 percent of its profits. Its sales of crude oil to its own domestic refineries are charged at the long-run marginal cost of crude production (\$2 per barrel), which is not regarded as a subsidized price by the government. This, therefore, ensures that the company has sufficient capital funds to meet whatever is required to fulfill its objectives. But there is a weakness in the system. The company pays out its operating costs after paying royalties, and before paying dividends. This reduces the incentive to cut operating costs."

Joint ventures exist in refining and upstream gas.

The government also owns controlling or all shares in other resource companies.

"Our Company" SABIC. <http://sabic.com/corporate/en/ourcompany/default.aspx>

"The largest and most profitable non-oil company in the Middle East and one of the world's five largest petrochemicals manufacturers, SABIC is a public company based in Riyadh, Saudi Arabia. 70% of the Company's shares are owned by the Saudi Arabian government, with the remaining 30% held by private investors in Saudi Arabia and other countries of the Gulf Cooperation Council."

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

Quote, pg. 46: "Created to invest in petrochemicals, NAMA is a private consortium of some 300 Saudis and other Gulf Cooperation Council (GCC) nationals, in which the Saudi Arabia Basic Industries Corporation (SABIC) has a 10 percent stake. SABIC was created in 1976 to promote petrochemicals and metals in Saudi Arabia; 70 percent is currently owned by the Saudi government and 30 percent by the private sector. Its broad plans are to expand by moving further down the value chain."

[http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

Ma'aden operates along commercial lines as a shareholder owned company. Today, the sole shareholder is the state but the Government has announced its intention to sell half of these shares to Saudi Arabian investors in the near future.

"Welcome to SAFCO". <http://www.safco.com.sa/safco/en/default.aspx>

"The government also has minority shares in petrochemical companies.

Saudi Arabian Fertilizer Company, the first petrochemical company in Saudi Arabia, was established under Royal Act no. M/13 dated 11-05-1385H – 1965 as joint venture between the Government and the citizens of Saudi Arabia, it had a capital amount of (100 million) SR. Initially the government owned

51% of the shares in the company with the remainder in private sector, when the company showed the growth and success, the government granted 10% of its shares to the company's Saudi workforce.

This was done to encourage national industries and to recognize the hard work and dedication of the employees."

#### References:

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

"Ma'aden" Ministry of Petroleum and Minerals

"Our Company" SABIC. <http://sabic.com/corporate/en/ourcompany/default.aspx>

[http://www.mopm.gov.sa/mopm/detail.do?content=min\\_maaden](http://www.mopm.gov.sa/mopm/detail.do?content=min_maaden)

"Welcome to SAFCO". <http://www.safco.com.sa/safco/en/default.aspx>

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

### 3.1.1.035: Is there more than one state-owned company (SOC) operating in the extractive sector?

Score:  A  B  C

#### Comments:

Please see question 3.1.1.034 for a description of a few SOCs (that list was by no means comprehensive, it merely showed the various types of SOCs). If a full list is needed, please do advise.

#### References:

Please see question 3.1.1.034 for a description of a few SOCs (that list was by no means comprehensive, it merely showed the various types of SOCs).

### 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:

The government subsidizes oil for its citizens but Saudi Aramco is not in charge of these subsidies. Instead, Saudi Aramco is involved in CSR programs.

"Oil and Governance: State-owned Enterprises and the World Energy Supply". Eds. David G. Victor, David R. Hultz, Mark Thurber. Cambridge University Press, 2012. pgs. 222-223. Available at : [http://books.google.com/books?id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)

Quote, pg. 193: "[Saudi Aramco] is allowed to keep its revenue from crude and product sales and then pays royalties and dividends equivalent to 93 percent of its profits. Sales of crude oil to its own domestic refineries are charged at long-run marginal cost, which is contrary to Western accounting practices but not regarded by the government as a subsidy."

Quote, pg. 193: "[Saudi Aramco] is allowed to keep its revenue from crude and product sales and then pays royalties and dividends equivalent to 93 percent of its profits. Sales of crude oil to its own domestic refineries are charged at long-run marginal cost, which is contrary to Western accounting practices but not regarded by the government as a subsidy."

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

Quote, pg. 47: "In addition, it has extensively developed not only its own training programs but also provided extensive scholarship for personnel to study abroad."

Pg. 49: "While domestic product prices, as set by the government, are well below border prices, the downstream sector argues that it still makes a profit because it is charged the long-run marginal cost of producing the crude oil mentioned above. The logic is that, as the world's oil price maker, the correct price is the cost rather than the border price since if the crude were to be actually exported this would cause the border price to be much lower. Thus, the argument is that there is no subsidy in the downstream sector. But the argument is not robust. Raising domestic prices would not increase exports enough to significantly affect border prices. The reality is that the central government is forging a revenue-earning opportunity in favor of distributing income to domestic oil-product consumers."

Pg. 52: "For many years the government of Saudi Arabia has pursued a Saudization program in a desperate effort to find employment for its growing labor force. Saudi Aramco employs primarily Saudis and, over the years, the number of expatriates has significantly reduced... Furthermore, Saudi Aramco has developed extensive training programs for nationals... While Saudi Aramco has remarkable freedom to determine its objectives, in recent years there has been growing pressure to play a greater role in employing Saudi nationals, both directly and through possible investments in downstream activities. This has not been entirely unwelcome within the company, since there is a strong sense of national mission, part of which is seen to be the provision of employment to provide highly skilled workers to benefit the rest of the company... But Saudi Aramco has indicated that it is stipulating employment quotas for Saudis for the IOCs involved in the gas initiative."

"Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia." Glada Lahn and Paul Stevens, Chatham House. December 2011. (attached)

Quote, Pg. 13: "The Saudi government has until very recently avoided addressing the issue of energy prices, chiefly because they form a key part of the country's social contract. In September 2009 G20 members agreed in principle to phase out 'inefficient fossil fuel subsidies'. As Saudi Arabia was one of the signatories there was curiosity for a time as to what kind of strategy it would come up with. But instead of delivering a report on current subsidies and policy proposals to eliminate them, officials continued to claim that in Saudi Arabia's case, prices for fossil fuels that are below world prices do not constitute an inefficient subsidy."

#### References:

<http://www.ft.com/cms/s/0/110337b6-7cbd-11e0-994d-00144feabdc0.html#axzz26NehgFIM>

"Oil and Governance: State-owned Enterprises and the World Energy Supply". Eds. David G. Victor, David R. Hultz, Mark Thurber. Cambridge University Press, 2012. pgs. 222-223. Available at :

[http://books.google.com/books?id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)

[id=pBuV5z\\_hnngC&pg=PA222&lpg=PA222&dq=\)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I\\_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false](http://books.google.com/books?id=pBuV5z_hnngC&pg=PA222&lpg=PA222&dq=)+Endorsing+the+company's+five-year+program+for+capital+future+investments&source=bl&ots=I_bWkZn2rJ&sig=1Lh1p-y7otryhxRwPXhoDqcg3r8&hl=en&sa=X&ei=0tqMT8H3LKni0QG7tbHOCQ&ved=0CCoQ6AEwAQ#v=onepage&q&f=false)






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

"Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia." Glada Lahn and Paul Stevens, Chatham House. December 2011. (attached)

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Indicator		Score	
3.2.1	Comprehensive reports	33	
3.2.2.038	Does the SOC publish information on revenue generation?	67	
3.2.3.038.j	Disaggregated Revenue Streams	0	
3.2.4	Quality of reports	42	
3.2.5.043	Audited reports	50	

## 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:

The researcher scored this question with a loose understanding of "financial standing" - to include the information described below. This seemed more appropriate than scoring Saudi Aramco as not publishing any information on its operations.

#### SAUDI ARAMCO

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: Saudi Aramco's Annual Review publishes yearly information on volume of crude oil and natural gas reserves, volume of delivered sales gas, volume of crude oil production daily and annually, refining capacity, percentage of exports by region and number of shipments from ports, volume of crude oil exports, volume of LNG produced and produced for sale, Saudi Aramco share of products (such as diesel, gasoline, fuel oil, etc.), domestic product sales by region, and more. There is a full page devoted to Saudi Aramco's investment in human capital, including training, number of employees and percent Saudization (per national goals).

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

Quote, pg. 47: "There is almost no publicly available information about Saudi Aramco". Over the next couple of pages, the report then goes on to provide industry impressions and rumors in the place of objective reports to shed some light on the financial status of Saudi Aramco.

#### References:

"Annual Review 2010" Saudi Aramco. (attached)

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

## 3.2.2.038 Does the SOC publish information on revenue generation?

### 3.2.2.038.a: Reserves

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

**Comments:**

Although there are other state-owned companies operating in mining, etc. this section focuses on the SOC Saudi Aramco, as it is responsible for the lion's share of Saudi Arabia's national revenues.

SAUDI ARAMCO (OIL)

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99

See also: (non-official sources):

"Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia." Glada Lahn and Paul Stevens, Chatham House. December 2011. (attached)

Quote, Pg. 28: "Gas reserves follow Saudi Aramco's stated aim, which is to discover 3-7tcf/y of non-associated gas, adding the oil equivalent of 5tcf/y in barrels (0.95 billion bbls/y) to 2020."

The International Resource Journal, Oct. 2011.

"A Source of National Pride."

Quote, pg. 56: "A name synonymous with oil innovation and prosperity for Saudi Arabia and the world, Saudi Aramco leads the industry charge as the holder of the largest crude reserves (approximately 260.1 billion), the globe's largest oil field (the Ghawar Field located in Al-Ahssa) and the largest hydrocarbon network on the planet (the Master Gas System capable of producing 3.5 billion cubic feet of gas daily)."

MA'ADEN (MINERALS) - (non-official source)

The International Resource Journal, Oct. 2011.

"Building the Third Pillar of Saudi Industry". Eng. Khalid Al-Mudaifer.

Quote, pg. 37-38: "...and next year Ma'aden will mark 15 years since its foundation by royal decree. In that time Ma'aden has developed its precious metals business which now operates five mines, is developing further projects and has over 11 million ounces of JORC compliant gold resources at its operations and exploration sites."

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

"Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia." Glada Lahn and Paul Stevens, Chatham House. December 2011. (attached)

The International Resource Journal, Oct. 2011.

"A Source of National Pride."

MA'ADEN (MINERALS)

The International Resource Journal, Oct. 2011.

"Building the Third Pillar of Saudi Industry". Eng. Khalid Al-Mudaifer.

**3.2.2.038.b: Production volumes**

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

**Comments:**

SAUDI ARAMCO

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99

See also (non-official sources):

"Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia." Glada Lahn and Paul Stevens,



Chatham House. December 2011. (attached)

Quote, Pg. 29: "For gas production we have used Saudi Aramco data, given that future gas production in the simulation is based on Saudi Aramco projections."

MA'ADEN

The International Resource Journal, Oct. 2011.

"Building the Third Pillar of Saudi Industry". Eng. Khalid Al-Mudaifer.

Quote, pg. 28: "This year has seen Ma'aden's US\$5.2 billion fully integrated mine to fertilizer DAP joint venture with SABIC, Ma'aden Phosphate Company (MPC), began operations at its two primary sites: the phosphate mine and beneficiation plant at Al Jalamid in the Northern Border Region and the processing complex at Ras Al Khair (formerly known as Ras Az Zawr) north of Jubail on the Arabian Gulf coast. When at full production, MPC will produce 3 million tonnes per year of DAP fertilizer, primarily for export to Asia. Furthermore 2011 has seen considerable progress on Ma'aden's \$10.8 billion integrated aluminium joint venture with Alcoa which will consist of a bauxite mine, alumina refinery, smelter and rolling mill."

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

"Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia." Glada Lahn and Paul Stevens, Chatham House. December 2011. (attached)

The International Resource Journal, Oct. 2011.

"Building the Third Pillar of Saudi Industry". Eng. Khalid Al-Mudaifer.

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**3.2.2.038.c: Information on prices**

**Score:** A B C  D E

**Comments:**

Annual Review 2010" Saudi Aramco. (attached)

Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values/costs.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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**3.2.2.038.d: Value of resource exports**

**Score:** A B C  D E

**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values/costs.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

---

**3.2.2.038.e: Estimates of investment in exploration and development**

**Score:**  A B C D E

**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: Saudi Aramco's Annual Review publishes yearly information on its operations. Value and number of contracts and other investment in exploration and development is provided in the reviews.

see also: MA'ADEN (minerals)

The International Resource Journal, Oct. 2011.

"Building the Third Pillar of Saudi Industry". Eng. Khalid Al-Mudaifer.

Quote, pg. 38 (quoted before)

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

The International Resource Journal, Oct. 2011.

"Building the Third Pillar of Saudi Industry". Eng. Khalid Al-Mudaifer.

---

**3.2.2.038.f: Production costs**

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

**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values/costs.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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**3.2.2.038.g: Names of companies operating in country**

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

**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: Saudi Aramco's Annual Review publishes yearly information on operations. Information on subcontractors, joint ventures, etc. are published, along with their refining capacity.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

---

**3.2.2.038.h: Production data by company and/or block**

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

**Comments:**

"Country Analysis Briefs: Saudi Arabia". Energy Information Association. Jan. 2011 (attached) - this information was obtained from Saudi Aramco

Quote: "Saudi's main producing fields in 2010 included:

- Ghawar (onshore): Ghawar alone accounts for about half of Saudi Arabia's total oil production capacity, and is the world's largest oil field. It produces more than 5 million bbl/d of Arabian Light crude. Ghawar also produces more than every other country except Russia and the United States.
- Safaniya (offshore): The third largest oil field in the world in terms of production, and the largest offshore with production capacity of 1.5 million bbl/d.
- Khurais (onshore): The largest oil field brought on globally in 2009, it has a capacity of 1.2 million

bbl/d of Arab Light crude.

- Qatif (onshore): Capacity 0.5 million bbl/d of Arab Medium crude.
- Shaybah (onshore): Capacity 0.5 million bbl/d of Arab Extra Light crude.
- Zuluf (offshore): Produces approximately 450,000 bbl/d of Arab Medium crude.
- Abqaiq (onshore): Produces approximately 400,000 bbl/d Arab Extra Light crude." [includes map published by Saudi Aramco showing the location and type of oil-producing blocks]

"Our Operations - Saudi Arabia" Saudi Aramco website at

<http://www.saudiaramco.com/en/home.html#our-operations%257C%252Fen%252Fhome%252Ffour-operations%252Fwhere-we-operate%252Fmaps.baseajax.html%253FmapType%253Dsaudi>

If one clicks on this map, one can find the production and refining capacity for each of Aramco's operations by location in the country.

**References:**

"Country Analysis Briefs: Saudi Arabia". Energy Information Association. Jan. 2011 (attached)

"Our Operations - Saudi Arabia" Saudi Aramco website at

<http://www.saudiaramco.com/en/home.html#our-operations%257C%252Fen%252Fhome%252Ffour-operations%252Fwhere-we-operate%252Fmaps.baseajax.html%253FmapType%253Dsaudi>

### 3.2.2.038.i: Quasi fiscal activities

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

**Comments:**

See question 3.1.1.036 for comment on subsidies.

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: There is a full page devoted to Saudi Aramco's investment in human capital, including training, number of employees and percent Saudization (per national goals).

Other sections of the report discusses CSR in the form of home ownership programs, renovation of government schools, as well as trainings of employees, Saudization, etc. Information on subsidies, etc. are NOT mentioned as this is not in Saudi Aramco's mandate.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

Question 3.1.1.036

### 3.2.3.038.j Disaggregated Revenue Streams

#### 3.2.3.038.j1: Production streams value

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

**Comments:**

Not published.

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values, taxes, royalties, bonuses, license fees, acreage fees, etc.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

---

**3.2.3.038.j2: Government s share in PSC****Score:** A B C D **(E)****Comments:**

For oil, concessions were granted to Saudi Aramco.

"Annual Review 2010" Saudi Aramco. (attached)  
Saudi Aramco's Annual Review does not discuss this information.

<http://www.saudiaramco.com/en/home.html#our-company%257C%252Fen%252Fhome%252Four-company%252Fat-a-glance.baseajax.html>  
Describes Saudi Aramco as being owned by the KSA government.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

Saudi Aramco website. <http://www.saudiaramco.com/en/home.html#our-company%257C%252Fen%252Fhome%252Four-company%252Fat-a-glance.baseajax.html>

**Peer Review Comments:**

Note that there are no PSCs in Saudi Arabia.

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**3.2.3.038.j3: Royalties****Score:** A B C **(D)** E**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)  
Pages 90-99: Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values, taxes, royalties, bonuses, license fees, acreage fees, etc.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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**3.2.3.038.j4: Special taxes****Score:** A B C **(D)** E**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)  
Pages 90-99: Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values, taxes, royalties, bonuses, license fees, acreage fees, etc.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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**3.2.3.038.j5: Dividends****Score:** A B C **(D)** E**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values, taxes, royalties, bonuses, license fees, acreage fees, etc.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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**3.2.3.038.j6: Bonuses**

**Score:** A B C  D E

**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values, taxes, royalties, bonuses, license fees, acreage fees, etc.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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**3.2.3.038.j7: License fees**

**Score:** A B C  D E

**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values, taxes, royalties, bonuses, license fees, acreage fees, etc.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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**3.2.3.038.j8: Acreage fees**

**Score:** A B C  D E

**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values, taxes, royalties, bonuses, license fees, acreage fees, etc.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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**3.2.3.038.j9: Other (Describe below)**

**Score:** A B C D  E

**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values, taxes, royalties, bonuses, license fees, acreage fees, etc. either to Aramco or to the government.

Also note that announcements of subcontracts are listed on its website, but these also do not note specific information regarding revenue streams to Aramco.

"PT Pertamina" Saudi Aramco website

<http://www.saudiaramco.com/en/home.html#news%257C%252Fen%252Fhome%252Fnews%252Flatest-news%252F2012%252F-memorandum-of-understanding-signed-with-pt-pertamina.baseajax.html>

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

"PT Pertamina" Saudi Aramco website

<http://www.saudiaramco.com/en/home.html#news%257C%252Fen%252Fhome%252Fnews%252Flatest-news%252F2012%252F-memorandum-of-understanding-signed-with-pt-pertamina.baseajax.html>

### 3.2.4 Quality of reports

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#### 3.2.4.039: Are the reports published by the state owned company understandable?

**Score:** A  B C D E

**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

This score was provided because the information that is published is discussed at length, with definitions, context, etc. and is written in professional-level English. However, there is a large amount of information that is not published that is elicited by this questionnaire. The report is actually mainly narrative as opposed to technical; however, this score is still the best-seeming.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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#### 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:**

"Annual Review 2010" Saudi Aramco. (attached)

Saudi Aramco's Annual Review publishes yearly information its operations.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

**Peer Review Comments:**

The Annual Review publishes information on operations, but not on revenue generation. Broad estimates of revenues generated can be extrapolated from production volumes, but there is no data on costs or net revenue.

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#### 3.2.4.041: If the SOC is involved with quasi fiscal activities, does it publish information about them?

**Score:**  A B C

**Comments:**

"Annual Review 2010" Saudi Aramco. (attached)

Pages 90-99: There is a full page devoted to Saudi Aramco's investment in human capital, including training, number of employees and percent Saudization (per national goals).

Other sections of the report discusses CSR in the form of home ownership programs, renovation of government schools, as well as trainings of employees, Saudization, etc. Information on subsidies, etc. are NOT mentioned.

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

**Peer Review Comments:**

In the Annual Review, Saudi Aramco provides financial data on its investments in local supply chains. These are not quasi-fiscal activities in the sense that Saudi Aramco requires local suppliers and contractors to provide competitive goods and services, however, they are part of the national oil company's deliberate efforts to support the local economy. Moreover, on page 40 Saudi Aramco provides some information on the amounts invested in its "charitable giving" program. This is another CSR-type activity.

**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:**

"Annual Review 2010" Saudi Aramco. (attached)

Saudi Aramco's Annual Review publishes yearly information its operations, but this does not include prices/values, taxes, royalties, bonuses, license fees, acreage fees, etc. It publishes information on JVs and percentage share, but does not list in its yearly review the amount of costs and revenues.

Non-governmental sources of information:

Joint ventures with Saudi companies:

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

Pg. 51 – 52: " Saudi Aramco has long created joint ventures with the private sector, providing training and selling shares. Saudi Aramco claims that, in 2000, 86 percent of its purchases were from 'Saudi factories or Saudi imports' and that the factories supplied more than \$330 million of its purchases. Otherwise, data from the company on local content and how it is defined are extremely sparse."

The International Resource Journal, Oct. 2011.

"The Kingdom of Saudi Arabia (KSA) – The World's Oil and Gas Epicentre"

Pg. 15: "The development of Saudi Gas is also in part due to the National Gas Initiative which was a government launched joint venture between Total, Shell, Repsol, Eni, Luke Oil, SINPOEC and Saudi Aramco."

Pg. 16: "Until 2000 foreign companies were limited to a 49 per cent share of joint ventures with Saudi domestic partners. Following that year a new law was issued aimed at attracting foreign investment in the country's energy sector. Under this law, companies were permitted full foreign ownership of Saudi property and licensed projects that have been set up the Saudi Arabian General Investment Authority."

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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

The International Resource Journal, Oct. 2011.

"The Kingdom of Saudi Arabia (KSA) – The World's Oil and Gas Epicentre"

## 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:**

"Annual Review 2010" Saudi Aramco. (attached)  
This information was not found in the report.

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

Pg. 45 – "There is effective transparency between Saudi Aramco and the government through the oversight of the SPC [Supreme Petroleum Council]. This information, which includes detailed operating reports and independently audited financial accounts, is not available outside of the SPC to the rest of the society or indeed many other parts of the government – although eight ministers are members of the SPC. This raises an interesting question: is public disclosure a necessary requirement for effective operation? Disclosure of more information would hopefully improve general public trust in the sector in the eventuality that this trust is challenged."

Pg. 48 – "This relationship can be seen when the government effectively leaves Saudi Aramco to its day-to-day operations without any attempts at micromanagement or interference. Also, financial accounts are based upon best-practice procedure supervised by an internal auditing committee that is overseen by independent foreign auditors. In this respect, Saudi Aramco is, in financial terms, like any IOC. The only difference –and it is key – that there is only one shareholder (the government), who chooses not to reveal the accounts."

"Saudi oil council reviews world market situation

" P.K. Abdul Ghafour. ArabNews. June 27, 2011. <http://arabnews.com/saudiarabia/article462877.ece>  
Quote: "The council approved Saudi Aramco's five-year working plan (2012-2016) and the 2010 annual report of its board of directors. It appointed an external auditor for the company and its affiliates. It also reviewed the technical and financial reports regarding companies licensed to carry out mining operations."

**References:**

"Annual Review 2010" Saudi Aramco. (attached)

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

"Saudi oil council reviews world market situation

" P.K. Abdul Ghafour. ArabNews. June 27, 2011.

**Peer Review Comments:**

V. Marcel, Oil Titans; National Oil Companies in the Middle East, Brookings/Chatham House, 2006.  
p. 143: The WTO "requirements have only meant that an independent, foreign auditor and an internal auditing committee check Saudi Aramco's financial accounts."

**3.2.5.043.b: Are SOC audited reports published?**

Score: A B C (D) E

**Comments:**

NO, not for external use. For internal use, yes – they are reviewed by the Supreme Council of Petroleum and Mineral Affairs.

Saudi Aramco website, <http://www.saudiaramco.com/en/home.html> (English) and



[http://www.saudiaramco.com/ar\\_sa/home.html](http://www.saudiaramco.com/ar_sa/home.html) (Arabic) - the sites are identical translations and formats

No audited reports are published on the Saudi Aramco website.

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.  
Sep. 48 (quoted in previous question)

**References:**

Saudi Aramco website, <http://www.saudiaramco.com/en/home.html> (English) and [http://www.saudiaramco.com/ar\\_sa/home.html](http://www.saudiaramco.com/ar_sa/home.html) (Arabic) - the sites are identical translations and formats

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


**Peer Review Comments:**

V. Marcel, Oil Titans; National Oil Companies in the Middle East, Brookings/Chatham House, 2006.  
p. 143: The WTO "requirements have only meant that an independent, foreign auditor and an internal auditing committee check Saudi Aramco's financial accounts. The information collected goes to the Supreme Petroleum Council only." "A senior Aramco executive explained that the Saudi government does not allow it to divulge financial data."

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# Saudi\_Arabia - RWI Index Questionnaire

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Indicator	Score
3.3.1 Legal Framework and Practice	40 

## 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:**

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.  
See pg. 48 (quoted previously)

**References:**

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

**Peer Review Comments:**

It is incorrect to state that the Council reviews general information on Aramco's performance, which amounts to what the company publishes in its Annual Review. The board of directors and the council review detailed financial and operational accounts that have been audited by an independent, international accounting firm. Moreover, it is noteworthy that not only is Saudi Aramco not required to publish this data, it is obligated not to do so.

V. Marcel, Oil Titans; National Oil Companies in the Middle East, Brookings/Chatham House, 2006. p. 143: The WTO "requirements have only meant that an independent, foreign auditor and an internal auditing committee check Saudi Aramco's financial accounts. The information collected goes to the Supreme Petroleum Council only." "A senior Aramco executive explained that the Saudi government does not allow it to divulge financial data."

### 3.3.1.045: Does the SOC follow internationally recognized accounting standards?

Score:  A  B  C

**Comments:**

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.  
See pg. 48 (quoted previously)

**References:**

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

### 3.3.1.046: Do SOC audits include consolidated accounts that cover all of the SOC subsidiaries?

Score: A  B  C

**Comments:**

The audited reports are not published, and I have not seen indication of whether they contain information on subsidiaries.

"Investing in Oil in the Middle East and North Africa." World Bank, August 2007.  
See pg. 48 (quoted previously)

**References:**

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

**Peer Review Comments:**

There is no published evidence of the content of the audited financial reports; however, in all likelihood the accounts cover all the subsidiaries of the company. This is good auditing practice and sources indicate that such practice is followed internally.

Source: V. Marcel, Oil Titans; National Oil Companies in the Middle East, Brookings/Chatham House, 2006.

p. 143: The WTO "requirements have only meant that an independent, foreign auditor and an internal auditing committee check Saudi Aramco's financial accounts."

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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:**

I could find no indication of such a requirement.

**References:**

I could find no indication of such a requirement.

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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:**

Annual Review 2010" Saudi Aramco. (attached)  
Lists the Board members.

Saudi Aramco website. 2012. <http://www.saudiaramco.com/en/home.html>

Includes announcement of new members and a list of members who retained their positions (along with their positions in government and some private affiliations)

**References:**

Annual Review 2010. Saudi Aramco. (attached)  
Lists the Board members.

Saudi Aramco website. 2012. <http://www.saudiaramco.com/en/home.html>

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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:**

"Annual Review 2010" Saudi Aramco. (attached)  
This information was not found.

Google search – This information was not found

**References:**

“Annual Review 2010” Saudi Aramco. (attached)

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