









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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:

1) All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

2) To show that this fund did not exist in the recent past, one may refer to previous budgets. You can also see the dedicated funds listed on pages 38 and 39 of the National Budget for 2009. They are mainly funds for improvement of and education in the various municipalities.

3) Although a special fund to concentrate revenue from oil, gas and mineral extraction has not been created, revenue from the extractive industries has been used to directly finance other special funds, such as for road maintenance: "The road maintenance levy, which is added to the price of fuel, is collected by the Yemen Petroleum Company. There is no formal contract, but instead a memorandum of understanding between the Yemen Petroleum Company and the road maintenance fund. The Yemen Petroleum Company collects the levy and deposits the revenues into the road fund on a monthly basis. Monthly reconciliation statements are sent to the road fund board showing deliveries of fuel, the levy payable, and deposits into the road fund. The Yemen Petroleum Company charges a small fee for this service."

4) I explicitly asked Ms. Abo-al-Assrar, Economic Attachee for Yemen, and she said that there is no special fund or natural resource fund that concentrates revenue directly from oil, gas or mineral extraction.

References:

1) MOF 2011 Budget <http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

2) MOF 2009 Budget <http://www.mof.gov.ye/files/budget/2009/budget-state2009.pdf>

3) World Bank "Commercial Management and Financing of Roads", 1998. pg. 69:

<http://books.google.com/books?>

[id=MAfIbdIHpKEC&pg=PA69&lpg=PA69&dq=tax+on+production+consumption+and+services++yemen+petroleum&source=bl&ots=qefxtKWfpr&sig=RFmh0m7sswXuqp35GksmCX6y174&hl=en&sa=X&ei=eBZdT-7DN8jj0QHusciRBA&sqi=2&ved=0CDsQ6AEwAg#v=onepage&q=tax%20on%20production%20consumption%20and%20services%20%20yemen%20petroleum&f=false](http://books.google.com/books?id=MAfIbdIHpKEC&pg=PA69&lpg=PA69&dq=tax+on+production+consumption+and+services++yemen+petroleum&source=bl&ots=qefxtKWfpr&sig=RFmh0m7sswXuqp35GksmCX6y174&hl=en&sa=X&ei=eBZdT-7DN8jj0QHusciRBA&sqi=2&ved=0CDsQ6AEwAg#v=onepage&q=tax%20on%20production%20consumption%20and%20services%20%20yemen%20petroleum&f=false)

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4) March 22, 2012 Interview with Fatima Abo-al-Assrar, Economic & Commercial Attachee; location: at the Embassy of the Republic of Yemen, 2319 Wyoming Ave NW, Washington, DC 20008

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

Score: A B C D (E)

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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Indicator		Score
4.2.1	Comprehensive reports	N/A
4.2.2.056	Audited reports	N/A

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**

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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**

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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

Score: A B C D **E**

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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

Score: A B C D **E**

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

4.2.2.056 Audited reports

4.2.2.056a: Are the fund s financial reports audited?

Score: A B C D **E**

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

4.2.2.056b: Are the audited financial reports published?

Score: A B **C**

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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Indicator	Score
4.3.1 Legal Framework and Practice	N/A

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**

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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**

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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

Score: A B **C**

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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

Score: A B C D **E**

References:

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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**References:**

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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**References:**

All of the special funds for FY 2011 can be viewed here:

<http://www.mof.gov.ye/files/budget/2011/f.html>

There is not a special fund that concentrates revenue from the extractive industry.

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Indicator	Score
5.1.1	Context
5.1.1 Context	

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

Score: A **B** C D E

Comments:

There are 21 governorates (or municipalities) in Yemen, and numerous governance efforts over the years have attempted to increase their strength to extend governance in more areas of Yemen. The national government provides financial resources to these municipalities from the national budget.

1) Please refer to the 2009 National Budget, page 33 and 34. These pages show the amount of money transferred to each municipality for social services (subsidies, grants, etc.). Special funds are also set up for certain municipalities; these are listed on pages 38 and 39. Knowing the proportion of the economy that the extractive industry represents, it can be extrapolated what percentage of those transfers are money from that industry. However, these financial resources do not appear to be explicitly tied to the extraction of mineral, oil or other natural resources. There is certainly not the detailed level of clarification that the IMF envisioned when it stated ""arrangements to assign or share resource revenues between central and subnational levels of government should be well defined and explicitly reflect national fiscal policy and macroeconomic objectives."

2) An equitable distribution of these resources is intended in the Constitution, but this does not delineate specific plans to implement that intended equity.

3) The UNDP Governance Support press release (attached) discusses the extent of sub-national fiscal transfers and their effect on governance, but does not link the transfers explicitly to natural resources: "The fiscal transfers from the central government have increased modestly, mainly covering recurrent expenditures such as salaries, and accounted for a mere 12% of the state's budget in 2008. Overall, capacity development and financial resources remain inadequate, significantly hampering the efficiency and effectiveness of service delivery at the local level, as the extreme inequalities across regions demonstrate."

4) The government also subsidizes the oil sold to districts, as seen in this 2008 Statistical Report, page 70.

5) During Parliament's question period, MP Jalal Doaiman raised the issue "The fate of oil revenues allocated for development in Mareb governorate" to the Minister of Oil and Minerals. Because there is not a natural resource fund, the money is first merged with other types of national income.

References:

- 1) Yemen National budget 2009 (file too large to attach)
<http://www.mof.gov.ye/files/budget/2009/budget-state2009.pdf>
- 2) Yemen Constitution
- 3) UNDP Governance Support PR - Yemen
- 4) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.
- 5) Yemeni Polling Center. "Second Report on the Yemeni Parliament's Performance, May - August 2010"
http://ypwatch.org/pdf/en/Second_Performance_Report_May-August_Final.pdf

5.1.1.064: Are conditions imposed on subnational government as part of revenue sharing regime?**Score:** A B **C****Comments:**

Some funds transferred to the Districts are earmarked for specific development projects. These funds do not appear to be specifically and overtly funded only by resource revenue (however, given that petroleum accounts for roughly 70% of government revenue, these transfers are implicitly based on petroleum revenues); rather, they would be funded from the general national coffers, of which resource revenue plays a significant part. The subsidies detailed in the Oil, Gas and Minerals Statistics 2008 report are not mentioned as being tied to any conditions.

References:

- 1) Yemen National budget 2009 (file too large to attach)
<http://www.mof.gov.ye/files/budget/2009/budget-state2009.pdf>
- 2) Yemen Constitution
- 3) UNDP Governance Support PR - Yemen
- 4) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.
- 5) CIA World factbook Yemen - <https://www.cia.gov/library/publications/the-world-factbook/geos/ym.html>

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Indicator	Score
5.2.1	Disclosure 20 

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:

- 1) Although the National Budget details special Governorate funds and social service payments (subsidies, grants, etc.) for the various governorates, no formula or other rationale is contained in the national budget document.
- 2) In addition, budget information is highly variable depending on what source is referenced. This indicates that there is no centralized budget and management and no transparency in allocations amongst agencies, governorates, etc. A leaked diplomatic cable indicates: "It is difficult to assess fully the accuracy of ROYG reports on government revenues and expenditures, due to a lack of independent analytical organizations and the absence of any freedom of information laws. The lack of record-keeping among many Yemeni businesses, coupled with widespread corruption in the oil sector and the Tax and Customs Authorities, makes accurate budget information hard to come by for the government itself. World Bank representatives in Yemen tell us that different ROYG ministries and organizations publish widely varying budget figures and there is no information on how data, especially revenue figures, is derived."

References:

- 1) National Budget 2009
- 2) Wikileaks id #244417, "Yemen Budget Transparency For Section 7086(c) Compliance". Wed, 20 Jan 2010 14:20 UTC. <http://wikileaks.org/cable/2010/01/10SANAA106.html>

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:

- 1) The central government publishes only the aggregate transfer of general revenues to sub-national governments. However, it does detail certain funds and social service-related payments to each Governorate. This is with no distinction for resource related revenues.

References:

- 1) National Budget 2009 (file to large to attach) <http://www.mof.gov.ye/files/budget/2009/budget-state2009.pdf>

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:

The above documents:

- Do not include definitions of the main concepts and explain information to a broader public, with notes including information on methodology, sources or statistical techniques;
- Are mainly technical and lack narrative sections or notes on methodology;
- Are available as hard copies or online;
- Are not generally comprehensive as they do not show all allocations to governorates and where this revenue comes from;
- Some of the tables in the statistical report are lists of items without explanation, references or comparisons.

References:

- 1) Yemen National budget 2009 (file too large to attach)
<http://www.mof.gov.ye/files/budget/2009/budget-state2009.pdf>
- 2) Yemen Constitution
- 3) UNDP Governance Support PR - Yemen
- 4) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

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:

The National Budget and Statistical Report are published yearly.

References:

- 1) Yemen National Budget 2009 (file too large to attach)
<http://www.mof.gov.ye/files/budget/2009/budget-state2009.pdf>
- 2) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

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

Score: A **B** C

Comments:

None of these governorates had a dedicated website via which it could publish documents. Information about these governorate was posted in chat sites and on Facebook, but none of these sites published information on transfers received from the national government. A search for likely key words in the title of such a report did not yield any results for reports published by these governorates.

References:

- Google search for any existing websites of Yemeni Governorates, including the largest governorates (محافظة) of:
- 1) الحديدة
 - 2) تعز

None of these governorates had a dedicated website via which it could publish documents. Information about these governorate was posted in chat sites and on Facebook, such as at <http://www.facebook.com/pages/Ibb-City-%D9%85%D8%AF%D9%8A%D9%86%D8%A9-%D8%A5%D8%A8/176859695672943> , but none of these sites published information on transfers received from the national government.

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Indicator	Score
5.3.1 Legal Framework and Practice	0 ■

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:

- 1) Although the National Budget details special Governorate funds and social service payments (subsidies, grants, etc.) for the various governorates, no relevant legislation or other rationale is contained in the national budget document to justify these allocations.
- 2) Fiscal decentralization is generally defined by legislation, but the exact allocations provided by the central government to the local governments are not explicitly defined.

References:

- 1) Yemen National Budget 2009
- 2) NCDF Report 2008 / DLDSP Evaluation Report (attached): "Article 146 of the Constitution of Yemen establishes the principle of decentralisation with democratically elected councils and provides for local authorities at the Governorate and District levels. In 2000 and 2001, Parliament passed a number of laws and regulations to establish the framework for decentralised local government. Article 4 of the Local Authority Law (LAL) establishes local government as one of the pillars of the state and provides the legal foundations for the Yemeni inter-governmental system, based on four principles: broadened popular participation through elected local councils; financial decentralization; administrative decentralization; and decentralization of service delivery."

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:

- 1) <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan023187.pdf> Process of decentralization - "The Local Authority Law seeks to fiscally decentralize the Yemeni government by increasing local budgetary autonomy. Before 1999, fiscal allocations were tightly controlled by the central government, creating delays in local development projects. Most local revenues raised through taxes and fees were transferred to the capital of Sana'a, with virtually all of local budgets coming from fund transfers from the national government. The new law provides that local authorities will keep revenues collected at the local level. Portions of monies collected by the central government will be distributed to municipalities based on population density."
- 2) There was a period of transition from centralized government to decentralization, which disrupted the federal allocations:
<http://gis.emro.who.int/HealthSystemObservatory/PDF/Yemen/Health%20care%20financing%20and%20expenditure.pdf> "These variations in investment spending are due to a number of factors...First, the process of decentralization that began in 2001 disrupted traditional investment allocation patterns and

the distribution of funds reflected some one-time effects in the budgets of the transition process. Second, at the same time decentralization was being initiated, the Central MoPHP suspended new construction in 2001 in order to focus on completion of ongoing projects. This shift in policy led to some disruption of the allocation pattern. Third, attribution of the source of funds (center or governorate) may have been somewhat arbitrary for budget purposes during the decentralization transition period." pg. 40

References:

1) <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan023187.pdf> "Process of decentralization"

2)

<http://gis.emro.who.int/HealthSystemObservatory/PDF/Yemen/Health%20care%20financing%20and%20expenditure.pdf> "

3) Wikileaks id #244417, "Yemen Budget Transparency For Section 7086(c) Compliance". Wed, 20 Jan 2010 14:20 UTC. <http://wikileaks.org/cable/2010/01/10SANAA106.html>

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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:

The Yemeni Constitution has been consistent on this issue throughout its numerous iterations.

The current Constitution states:

Article (8) All types of natural resources and sources of energy, whether above ground, underground, in territorial waters, on the continental shelf or the exclusive economic zone are owned by the state, which assure their exploitation for the common good of the people.

Additional relevant articles from the Constitution which describe how the resources should be invested:
Article (9) The state's economic policy shall be based on scientific planning which ensures the best exploitation of all resources and the promotion of capabilities for all economic sectors in all socioeconomic fields of development and within the state's development plan which serves the common interest and the national economy.

Article (10) The state shall sponsor foreign trade and promote internal trade and investment in a way that serves the national economy. The state shall issue legislation that guarantees protection for producers and consumers, availability of basic commodities, restriction of monopoly and shall promote, according to the law, private capital investment in all socio-economic development fields and in accordance with law.

Background information:

From the US Energy Information Administration, updated Feb 2012,
<http://www.eia.gov/countries/cab.cfm?fips=YM>

"Yemen is a relatively small oil and natural gas producer. However, it is important to the global oil trade because of its strategic location at the tip of the Arabian peninsula on the Bab el-Mandab, one of the world's most important shipping lanes, through which an estimated 3.5 million barrels of oil passed daily in 2010....Yemen's economy is heavily dependent on hydrocarbons, which accounted for 30 percent of GDP, nearly 75 percent of government revenues, and over 90 percent of foreign exchange earnings in 2010. As oil revenues decline, the government's ability to provide basic services has been weakening. A political crisis occurred in 2011, inspired by similar public demonstrations in Tunisia and Egypt...."

Gas: "Yemen began exporting liquefied natural gas in November 2009. According to the Oil & Gas Journal, as of January 1, 2012, Yemen had 16.9 trillion cubic feet (Tcf) of proven natural gas reserves. Most of Yemen's natural gas reserves are associated gas concentrated in the Marib-Jawf oil fields, which contain 10 Tcf of proven natural gas reserves. Success in developing the liquefied natural gas (LNG) sector is likely to increase interest in further natural gas exploration and production. LNG revenues partially offset declining oil export revenues."

According to the BP Statistical Review 2012, Yemen produced 228,000 bbl/day of oil in 2011, a 24% decrease from 2010 and roughly half of what it was producing in 2001 and 2002 (see p. 8). Yemen produced 9.8 billion cubic meters of natural gas in 2011, a 51.3% increase over 2010 (see p. 22).

BP Statistical Review 2012:

http://www.bp.com/assets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/pdf/statistical_review_of_world_energy_full_report_2012.pdf

From the CIA World Factbook, updated Nov 2012, <https://www.cia.gov/library/publications/the-world-factbook/geos/ym.html>

"Yemen is a low income country that is highly dependent on declining oil resources for revenue. Petroleum accounts for roughly 25% of GDP and 70% of government revenue. Yemen has tried to counter the effects of its declining oil resources by diversifying its economy through an economic reform program initiated in 2006 that is designed to bolster non-oil sectors of the economy and foreign investment. In October 2009, Yemen exported its first liquefied natural gas as part of this diversification effort. In January 2010, the international community established the Friends of Yemen group that aims to support Yemen's efforts toward economic and political reform, and in August 2010 the IMF approved a three-year \$370 million program to further this effort. Despite these ambitious endeavors, Yemen continues to face difficult long term challenges, including declining water resources and a high population growth rate."

References:

The Yemeni Constitution, Article (8)

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

Score: A B C D E

Comments:

PEPA, Petroleum Exploration and Production Authority, is responsible for granting petroleum rights/licenses; PEPA is accountable to the Ministry of Oil and Minerals (MOM), which is the industry regulator.

1) Yemen Law 40 of the year 2000 establishes the authority of Ministry of Oil and Minerals (MOM) over the oil and gas industries and mineral resources. Articles 6-8 explicitly state that it is tasked with negotiating, processing and renewing licenses for hydrocarbon and mineral rights.

2) Presidential Decree (Law) 204 of 1997 established the Petroleum Exploration and Production Authority, which evaluates bids, negotiates agreements, and recommends licenses. Source: <http://www.pepa.com.ye/Int.Bids/organization%20Regulation%20.htm>

3) However, the actual implementation of this authority vested in MOM is actually in turn granted to an umbrella organization of SOCs, including PEPA: From the US Energy Information Administration's website at <http://205.254.135.7/countries/cab.cfm?fips=YM> : "Yemen's General Corporation for Oil, Gas and Mineral Resources is a loose affiliation of several state-owned subsidiaries including: Yemen Oil Company (YOC), Yemen Refining Company (YRC), Petroleum Exploration and Production Authority (PEPA), Yemen Gas Company (YGC), Oil Products Distribution Company, General Department of Crude Oil Marketing, and Safer E&P Operations Company (Safer). General Corporation for Oil, Gas and Mineral Resources is responsible for managing industry contracts and relations with operators and partners, as well as the government's share of crude exports.

All branches report to the Ministry of Oil and Mineral Resources, which is responsible for oil policy. The oil sector is open to private company investment on a production-sharing basis with YOC. Contracts with foreign oil companies, however, require parliamentary approval. "

4) Quote: "Yemen does not have a unique sector law: the Petroleum Law 25 of 1976 that was in force in

southern Yemen before the country's unification is no longer applicable. Therefore, the right to explore and produce oil is granted to companies by means of PSAs negotiated by the Ministry of Oil and Minerals (MOM) on behalf of the state. These PSAs embody all the terms and conditions that govern the relationship between the contractor and the state with respect to exploration, development, and production operations in the country." - pg. 87

References:

- 1) Yemen Law 40 of the year 2000; Articles 6-8
- 2) Presidential Decree (Law) 204 of 1997 Source:
<http://www.pepa.com.ye/Int.Bids/organization%20Regulation%20.htm>
- 3) From the US Energy Information Administration's website at
<http://205.254.135.7/countries/cab.cfm?fips=YM>
- 4) "Petroleum Exploration and Production Rights: Allocation Strategies and Design Issues." By Silvana Tordo, David Johnston, Daniel Johnston (World Bank) 2010. Via GoogleBooks at:
http://books.google.com/books?id=8XwUPWVAI74C&pg=PA87&lpg=PA87&dq=%22petroleum+law%22+yemen&source=bl&ots=AgEAO5lf0U&sig=RgOV4efZ-N4HVpMqcoXTQXK0dK0&hl=en&sa=X&ei=-kF_T9fvF-rf0QGE7O3tBw&sqi=2&ved=0CDsQ6AEwAw#v=onepage&q=%22petroleum%20law%22%20yemen&f=false

1.1.003: What licensing practices does the government commonly follow?

Score: A B C D E

Comments:

1) Please reference PEPA's website for information about bid releases and winners. Although the website is not updated frequently, the information remains publicly available once added. Most informative is the website section that outlines licensing practices:

<http://www.pepa.com.ye/Int.Bids/organization%20Regulation%20.htm> and

<http://www.pepa.com.ye/Int.Bids/int.%20bids.htm> This describes that sealed bids are accepted in the Fifth Phase of the bidding process. Article 11 lists specific, quantifiable indicators that would allow a company to be initially qualified. Additional qualifications and plans that must be submitted in their bid for the final round are listed as well and seem to be structured around variable parameters such as percentage of revenue, training bonuses, etc. [The website indicates it has been updated in December 9, 2011 but information regarding licensing, bids, etc. is not current.]

2) Although PEPA seems to be the primary institution involved in contracting, a wider umbrella group appears to have been vested this authority. See previous comment by the US Energy Information Administration's website at <http://205.254.135.7/countries/cab.cfm?fips=YM>

3) The content of PSA bids is available in the attached document, which shows possible types of compensation and the minimum required to bid for each. These include royalty rates, various types of bonuses, and items aimed at sustainability such as social compensation, training, database management funds, etc. Please note this information is current as it was the bid form used for the last round of bids.

4) Quote, page 88: "The right to explore for and produce oil in certain areas is generally awarded to contractors through licensing rounds. Unsolicited expressions of interest and direct award are also possible. Periodically, the PEPA publishes a list of open blocks that the government intends to award to potential investors. This may include exploration blocks and producing blocks. After receiving an expression of interest for open blocks and relevant company information (including audited financial statements), potential qualified investors are granted access to the relevant technical data. A guarantee equal to 3 percent of the work program obligation proposed for the first exploration period is established by all bidders in favor of the PEPA. A model PSA and a model memorandum of understanding (MOU) are included in the tender documentation, and sometimes published on the PEPA's website. The biddable parameters are summarized in table A.4. Blocks are awarded to the highest bidder following the administrative process. The criteria to be used by the government in ranking and evaluating the 33 bidding elements contained in the Model MOU and the relative importance of the bidding parameters are not publicly announced. Furthermore, the MOM has the right

to reject any submitted offer without justification. An MOU containing all relevant commercial terms is negotiated between the PEPA and the winning companies. After signature, the parties have approximately two months to finalize the terms of the production sharing contract. Many elements of the fiscal package are negotiable, but the model MOU and the model PSA provide the general structure of the fiscal policy and some boundary conditions for setting the level of the relevant parameters. The fiscal terms may include signature, commerciality and production bonuses, sliding scales royalty and profit oil split based on daily production levels, cost recovery limit and excess cost oil, and the national oil company's carried working interest. Corporate taxes are paid by the government on behalf of the investors, and there is no ring-fencing." and page 90: "In an effort to attract investors, while ensuring the maximization of the government's economic rent, the government has established a flexible, but ultimately complex, bidding system in which a large number of fiscal and commercial parameters are biddable. In other words, while PEPA defines maximum requirements for each of the bidding parameters (up to 33), bidders can offer improvement on any or all of them. "

References:

- 1) PEPA, the Petroleum Exploration and Production Authority, website for information about bid releases and winners and outlines licensing practices:
<http://www.pepa.com.ye/Int.Bids/organization%20Regulation%20.htm> and
<http://www.pepa.com.ye/Int.Bids/int.%20bids.htm>
- 2) US Energy Information Administration's website at <http://205.254.135.7/countries/cab.cfm?fips=YM> :
- 3) The content of PSA bids is available in the attached document
- 4) "Petroleum Exploration and Production Rights: Allocation Strategies and Design Issues." By Silvana Tordo, David Johnston, Daniel Johnston (World Bank) 2010. Via GoogleBooks at:
http://books.google.com/books?id=8XwUPWVAI74C&pg=PA87&lpg=PA87&dq=%22petroleum+law%22+yemen&source=bl&ots=AgEAO_Slf0U&sig=RgOV4efZ-N4HVpMqcoXTQXK0dK0&hl=en&sa=X&ei=-kF_T9fvF-rf0QGE7O3tBw&sqi=2&ved=0CDsQ6AEwAw#v=onepage&q=%22petroleum%20law%22%20yemen&f=false

Peer Review Comments:

I agree with this when dealing with Oil Rights. However, in the case of mineral rights, rights are awarded on a first-come, first-served basis, and the bidding system is not used - According to the Mining and Quarry Law number 24, year 2010,

1.1.004: What is the fiscal system for mineral resources?

Score: A B C D E

Comments:

See previous comments for an explanation of the fiscal system.

References:

- 1) the US Energy Information Administration's website at <http://205.254.135.7/countries/cab.cfm?fips=YM>
- 2 and 3) "Petroleum Exploration and Production Rights: Allocation Strategies and Design Issues." By Silvana Tordo, David Johnston, Daniel Johnston (World Bank) 2010. Via GoogleBooks at:
http://books.google.com/books?id=8XwUPWVAI74C&pg=PA87&lpg=PA87&dq=%22petroleum+law%22+yemen&source=bl&ots=AgEAO_Slf0U&sig=RgOV4efZ-N4HVpMqcoXTQXK0dK0&hl=en&sa=X&ei=-kF_T9fvF-rf0QGE7O3tBw&sqi=2&ved=0CDsQ6AEwAw#v=onepage&q=%22petroleum%20law%22%20yemen&f=false

Peer Review Comments:

I agree. However, there is no specific, set form or criteria for such contracts. The specific terms and conditions of each endeavor may vary with each contract.

1.1.005: What agency has authority to regulate the hydrocarbon and mineral sector?**Score:** A B C D E**Comments:**

1) Yemeni Law No. 40 (Yr.2000) grants the MOM broad regulatory responsibilities over the hydrocarbon and mineral sector. It establishes the authority of Ministry of Oil and Minerals (MOM) over the oil and gas industries and mineral resources. Articles 6-8 explicitly state that it is tasked with negotiating, processing and renewing licenses for hydrocarbon and mineral rights.

2) The World Bank report contains a diagram and explanation of the oil industry's regulation, showing that the Ministry of Oil and Minerals regulates the oil sector.

References:

- 1) Yemeni Law No. 40 (Yr.2000), including Articles 6-8
- 2) "Investing in Oil in the Middle East and North Africa." World Bank. Aug. 2007.

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Indicator	Score
1.2.006 Information on licensing process	84 
1.2 Contract transparency	0 
1.2.008 Environmental and social impact assessments	33 
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

References:

Official Sources of Information:

The PEPA website publishes bid information, including geographic description of blocks and mechanism of award: <http://www.pepa.com.ye>

1) General PSA terms and mechanisms are fully explained here:

<http://www.pepa.com.ye/Investment/psa.htm>

2) Information about specific bids can be found here:

<http://www.pepa.com.ye/Int.Bids/int.%20bids.htm>

3) PEPA also publishes bid forms that specify minimum amounts of various compensation types necessary to qualify; the attached MOU outlines these for the 2006 round. [As you will note in the next question, the competitive/winning amounts are not uniformly disclosed]

4) Geological information about each of the blocs is published on this page of the PEPA site:

<http://www.pepa.com.ye/Downloads/downloads.htm>

5) Summary of Open Blocs, including area and other info is on this section of the site:

<http://www.pepa.com.ye/Investment/open%20blocks.htm>

6) Offered Areas for particular bids are also posted, including here:

<http://www.pepa.com.ye/Int.Bids/Round3/offered%20area.htm>

7) Oil Ministry resource legislation list:

<http://www.yemen.gov.ye/portal/mom/القوانينوالقرارات/tabid/276/Default.aspx>

8) YOGC (the umbrella SOC) Sharing Blocks Interactive Map:

<http://www.yogc.com.ye/en/view.asp?ID=6>

9) "Petroleum Exploration and Production Rights: Allocation Strategies and Design Issues." By Silvana Tordo, David Johnston, Daniel Johnston (World Bank) 2010, p.88. Via GoogleBooks at:

<http://books.google.com/books?>

[id=8XwUPWVAI74C&pg=PA87&lpg=PA87&dq=%22petroleum+law%22+yemen&source=bl&ots=AgEAO5lf0U&sig=RgOV4efZ-N4HVpMqcoXTQXK0dK0&hl=en&sa=X&ei=-kF_T9fvF-rf0QGE7O3tBw&sqi=2&ved=0CDsQ6AEwAw#v=onepage&q=%22petroleum%20law%22%20yemen&f=false](http://books.google.com/books?id=8XwUPWVAI74C&pg=PA87&lpg=PA87&dq=%22petroleum+law%22+yemen&source=bl&ots=AgEAO5lf0U&sig=RgOV4efZ-N4HVpMqcoXTQXK0dK0&hl=en&sa=X&ei=-kF_T9fvF-rf0QGE7O3tBw&sqi=2&ved=0CDsQ6AEwAw#v=onepage&q=%22petroleum%20law%22%20yemen&f=false)

10) PEPA Website outlining "The Prime Minister's decree for 'Organizational Regulation of the International Competitive Bidding's Procedures on Open Exploratory Oil Blocks'"

<http://www.pepa.com.ye/Investment/how%20you%20can%20invest%20in%20yemen.htm>

1.2.006.b: What information does the government publish on the licensing process after negotiations?**Score:** A B C D E**Comments:**

The Ministry of Oil and Minerals' dedicated website does not publish all of the above details on the licensing process after negotiations. It lists number of bids received, number of winning bids and the names of companies awarded contract and for which blocks licensed. However, it does not list the actual terms after auction or negotiations (duration, royalties and tax obligations), or the main negotiated terms, winning bidding variables and or production sharing rules. The licensing authority publishes reports with information about its activities to the public. www.mom.gov.ye

Further, this information is not published on PEPA's website at www.pepa.com.ye with the exception of a concessions map dated January 2012 [attached] that apparently intended to show current licensing status of those companies operating, exploring, etc. particular blocs. It is possible with some effort to enlarge the license section of this map, but it lists only winning bidders and their shares, not the negotiated terms, etc. The section of the website that describes the bid process does not discuss licensing after negotiations: <http://www.pepa.com.ye/Int.Bids/organization%20Regulation%20.html>

However, disclosure is mandated by law. Please note that Article 8 of the PM's decree, as copied on <http://www.pepa.com.ye/Investment/how%20you%20can%20invest%20in%20yemen.htm>, Not only states: "Sixth: Advertising Competition Results- The names of winning bidders shall be advertised in all different media along with forwarding letters of award to the winners within a week from the Minister's approval of the results of bid analysis."

References:

- 1) www.mom.gov.ye
 - 2) PEPA's website at www.pepa.com.ye
 - 3) concessions map dated January 2012 [attached]
 - 4) The section of the website that describes the bid process does not discuss licensing after negotiations: <http://www.pepa.com.ye/Int.Bids/organization%20Regulation%20.htm>
- Both the Arabic and English versions were checked as there are differences in what content is published.

Peer Review Comments:

I agree completely. After negotiations, information is not published. Only the parties involved are privy to that information.

1.2 Contract transparency**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:**

- 1) The Ministry of Oil and Minerals' dedicated website does not publish details about contracts, agreements and negotiated terms - only information about production blocs and some information about authorized companies. www.mom.gov.ye
- 2) Further, the contracts, agreements and negotiated terms are not published on PEPA's website at www.pepa.com.ye
- 3) These contracts do not appear to be published on the websites of the companies who won bids for exploration and development.
- 4) State Department's Yemen Country Brief indicates that some contracts are not published, even when

they are of particular significance. For example, the resulting contract after a court settlement with Hunt Oil has not been published: "In November 2005, Hunt Oil's 20-year contract for the management of Block 18 fields ended. Despite agreement with the Government of Yemen on a 5-year extension, the government abrogated the agreement via a parliamentary vote that was not called for in the contract. The U.S.-based Hunt Oil company sued Yemen in a Paris-based International Chamber of Commerce commercial arbitration court in 2005. The court's decision has been kept confidential, according to both sides' wishes. Hunt Oil continues to operate in Yemen, although in a much smaller oil exploration block." 5) Even Parliament itself is unaware of the full details of some contracts: "Lawmakers said Parliament is unaware of the details of agreements Yemen had signed with foreign oil companies." 6) However, the Parliamentary Committee for Development, Oil and Natural Resources does publish the details of some contracts if they have been asked to formally study and report on a particular contract. Their report does not necessarily include a copy of the signed agreement between the government and company/ies, but rather could describe the PSA's details. The Committee has not studied the majority of contracts, thus the answer is "c".

References:

- 1) The Ministry of Oil and Minerals' dedicated website: www.mom.gov.ye
- 2) PEPA's website at www.pepa.com.ye
- 3) These contracts do not appear to be published on the websites of the companies who won bids for exploration and development.
- 4) State Department's Yemen Country Brief, March 12 2012.
<http://www.state.gov/r/pa/ei/bgn/35836.htm>
- 5) Yemen Post. "Parliament Unaware of Oil and Gas Agreements – Lawmakers " October 13, 2010
<http://yemenpost.net/Detail123456789.aspx?ID=3&SubID=2669>
- 6) Yemen Parliament Committee on Development, Oil and Natural Resources - Report on PSAs between the Ministry of Oil and Minerals and a number of Oil Companies:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>

Peer Review Comments:

Financial details of awarded contracts and negotiations are rarely, if ever, published.

1.2.008 Environmental and social impact assessments

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:

1) Yemen Law No. 26 (1995) is a comprehensive environmental protection law that sets forth standards for, among things, environmental sustainability in business enterprises. Environmental impact assessments are defined in points 12-15; the second section of law provides context; defines responsibilities of the environmental ministry; guidelines for the use of resources/materials begins on page 16; the full guidelines for EIAs begin on page 22. Although the first paragraph text is almost illegible due to poor quality of document scanning, It is clear from the rest of the guidelines that the EIAs are required to be conducted before work begins and to outline possible alternatives.

2) In addition, please refer to page 121 of the attached UNEP report, which states that EIAs are required, but that "lack of by-laws, lack of expertise, inadequate human and financial resources hinder strict application of EIA". The report may also be accessed at:

http://www.unep.org/tsunami/reports/TSUNAMI_YEMEN_LAYOUT.pdf

<http://www.iaia.org/publicdocuments/EIA/CaseStudies/CaseStudies.PDF>

Yemen issued an EIA Law requiring EIAs to be conducted for certain projects, after conducting a pilot EIA under a World Bank project. The EIA Law as drafted with assistance from the WB. "After the establishment of the EPC, it had responsibility for proposing and submitting drafts of environmental laws on all aspects of environmental issues and for specifying standards. The Environmental Protection

Law, issued in 1993 after being approved by the Cabinet of Ministers and the Yemeni Parliament, was still awaiting approval at the time of deciding that an EIA study would be essential for [a particular development] project.... A more detailed description of EIA elements and procedure was approved later within the Environmental Impact Assessment Policy For The Republic Of Yemen, issued in 1996."

3) This document describes on pages 96 and 97 the Environmental Protection Law and the Environmental Impact Assessment Policy of Yemen.

References:

- 1) Yemen Law No. 26 (1995) - The Environmental Protection Law
- 2) page 121 of the attached UNEP report from 2004. The report may also be accessed at: http://www.unep.org/tsunami/reports/TSUNAMI_YEMEN_LAYOUT.pdf
- 3) A Directory of Impact Assessment Guidelines, 2nd ed. By the International Institute for the Environment and Development. 1998. <http://pubs.iied.org/pdfs/7785IIED.pdf> which describes the Environmental Impact Assessment Policy for the Republic of Yemen (as presented in Doc. No. EPC/96/089. Report to the Environment Protection Council, Republic of Yemen).

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:

- 1) The Ministry of Oil and Minerals does not publish the social and environmental impact assessments that are conducted by extractive companies.
- 2) However, there are some examples of the companies themselves publishing these reports: The energy company Yemen LNG project, the largest industrial venture ever undertaken in Yemen, says on its website at http://www.yemenlng.com/ws/en/go.aspx?c=soc_overview that "The Company is committed to complying with international standards and has, to this effect, produced a world-class Environment and Social Impact Assessment (ESIA) to identify and assess potential impacts, followed by a holistic and comprehensive Environmental and Social Management Plan (ESMP) which details the actions to be implemented in order to mitigate these impacts. The ESMP (which was originally drafted in June 2007 for the construction phase and which was revised in March 2009 for the operational phase) identifies a full suite of mitigation measures which are designed to reduce any potential effects as well as outlining Yemen LNG's sustainable development programme which aims to leave a positive legacy both in its operating locality and in the country as a whole." They publish this 499-page report, conducted in 2006 at: http://www.yemenlng.com/ws/uploads/766-AUR-06-0001%20A_ESIA_Yemen_Revision%201_10%20feb%202006.pdf Please note that this report is too large to be uploaded to the Indaba platform. Yemen LNG further clarified 10 environmental and social principles at <http://www.yemenlng.com/ws/uploads/environment.pdf> as well as their resettlement and compensation plans http://www.yemenlng.com/ws/en/go.aspx?c=soc_community_comp They mention their public consultation and disclosure practices at http://www.yemenlng.com/ws/en/go.aspx?c=soc_community_consult The ESIA report section about laws, government structure, etc. mentions the constitutional law pertaining to use of natural resources, but does not elucidate on additional laws and structures.

References:

- 1) MOM website: www.mom.gov.ye
- 2) The energy company Yemen LNG project website at http://www.yemenlng.com/ws/en/go.aspx?c=soc_overview and accompanying report at: http://www.yemenlng.com/ws/uploads/766-AUR-06-0001%20A_ESIA_Yemen_Revision%201_10%20feb%202006.pdf Please note that this report is too large to be uploaded to the Indaba platform. Yemen LNG further clarified 10 environmental and social principles at <http://www.yemenlng.com/ws/uploads/environment.pdf> as well as their resettlement and compensation plans http://www.yemenlng.com/ws/en/go.aspx?c=soc_community_comp They mention their public consultation and disclosure practices at http://www.yemenlng.com/ws/en/go.aspx?c=soc_community_consult

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

Score: A B C

Comments:

- 1) page 121 of the attached UNEP report from 2004. The report may also be accessed at: http://www.unep.org/tsunami/reports/TSUNAMI_YEMEN_LAYOUT.pdf
- 2) This slide indicates that a certain road project violates environmental and "cultural" laws, indicating that projects must conduct environmental impact assessments, according to the Environmental Protection Law, and not damage cultural sites as according to the Antiquities Law and some unspecified Arab League resolutions. It does not mention Social Impact Assessment requirements (assessing such things as resettlement of displaced populations, job increase/decrease, etc.).
- 3) Companies such as Yemen LNG produce comprehensive SIAs bundled into their environmental EIAs, but there is no indication of this being a requirement per Yemeni law.

References:

- 1) National Raid Environmental Assessment - Yemen. UNEP. 2004. page 121. The report may be accessed at: http://www.unep.org/tsunami/reports/TSUNAMI_YEMEN_LAYOUT.pdf
- 2) "Environmental, Archeological and Cultural Landscape Impact of the Fire Burning in Al-rowase - Al Khukha District". PowerPoint by GIS Development. http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=8&ved=0CGQQFjAH&url=http%3A%2F%2Fwww.gisdevelopment.net%2Fproceedings%2Ftehran%2Fopen_session%2FA_REISHI.pps&ei=a8qAT9rQAsWY0QGpl7nuBw&usq=AFQjCNGNmKEn4RcQ0Y6SBsZYNsJ1pFX2vw
No laws regarding social impact assessments for mining, gas and oil projects could be found.

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:

Social Impact Assessments are occasionally created by companies doing business in Yemen and in the natural resource sector, but these are not required by law. Those companies that publish SIAs may hold a consultation process with local stakeholders.
The World Bank Group report states on page 52 that "it is not yet common for formal social impact studies to be incorporated into company environmental assessments when projects are being developed, although there are some exceptions."
+ see previous comment.

References:

- 1) The attached World Bank Group report, "Yemen Mineral Sector Review 2009", page 52
- 2) Yemen LNG project website at http://www.yemenlng.com/ws/en/go.aspx?c=soc_overview and accompanying report at: http://www.yemenlng.com/ws/uploads/766-AUR-06-0001%20A_ESIA_Yemen_Revision%201_10%20feb%202006.pdf Please note that this report is too large to be uploaded to the Indaba platform.
Yemen LNG further clarified 10 environmental and social principles at <http://www.yemenlng.com/ws/uploads/environment.pdf> as well as their resettlement and compensation plans http://www.yemenlng.com/ws/en/go.aspx?c=soc_community_comp
They mention their public consultation and disclosure practices at http://www.yemenlng.com/ws/en/go.aspx?c=soc_community_consult

1.2 Access to information and legislation

1.2.009: Does the government publish detailed mineral/hydrocarbon resource legislation?Score: A B C D E**Comments:**

Overall, there are many pieces of legislation that regulate the extractive sector, but only certain types of legislation is present and resource-specific regulations are not present. That legislation which exists is available to the public.

1) The World Bank Group's "Yemen Mineral Sector Review" outlines legislation the Yemeni government publishes regarding mineral/hydrocarbon resources.

2) Yemeni Law 26 (1995) details EIA requirements with respect to exploration and development of mineral/hydrocarbon resources.

3) A host of other laws regarding the infrastructure of extractive industry regulation, such as creating the MOM, PEPA, the auditing authority COCA, and the powers other institutions have over the industry such as the Parliament, MOF and Central Bank, can all be considered part of a detailed extractive industry legislation.

4) However, there is no "overarching" petroleum law: "Ultimate control over the strategy of the sector lies with the president. But there has been limited comprehensive, coordinated, and explicit oil and gas sector policy and strategy. Upstream, licenses for E&P are authorized by the ministry, subject to ratification by parliament. There is no petroleum law, so each PSA is treated as a separate piece of legislation. This lack of strategic direction has led to problems of coordination that have reduced the incentives of operators to exploit hydrocarbon resources."

This source also lists very specific sector policies mainly aiming to diversify revenue sources) held by the government, and as furthered by PEPA, on page 75.

5) As previously mentioned in Q1, the Constitution outlines ownership of natural resources.

References:

1) The World Bank Group's "Yemen Mineral Sector Review" outlines various pieces of legislation the Yemeni government publishes regarding mineral/hydrocarbon resources. (attached)

2) Yemeni Law 26 (1995) details EIA guidelines for mineral/hydrocarbon exploration and development. (attached)

3) Please reference other questions which discuss the infrastructure of extractive industry regulation, such as creating the MOM, PEPA, the auditing authority COCA, and the powers other institutions have over the industry such as the Parliament, MOF and Central Bank.

4) "Investing in Oil in the Middle East and North Africa: Institutions, Incentives and the National Oil Companies". World Bank, August 2007. pg. 74 (attached)

7) Laws listed on the Yemen Government website, subsection for the Ministry of Oil and Minerals at <http://www.yemen.gov.ye/portal/Default.aspx?tabid=276> such as Decree No. 27 (1993), Article (19) regarding the general management of oil revenues and minerals

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:**

Although a Freedom of Information Law drafted by a handful of ministers (apparently with the aid of a USAID-funded program) and was forwarded to and debated in Congress, this same law was decried by local civil society groups as actually causing harm to civil rights. It does not appear that the law has passed, as it is not present in legal compendiums nor has the researcher found any news articles discussing its passage (only its debate). Each source that refers to the law discusses it as a draft law. More details: 1) <http://www.justice-lawhome.com/vb/showthread.php?t=9166> on this blog, copies text of the law indicate it was drafter in 2009.

2) This May 3, 2010 article discusses the information law, but still within the context of debate. <http://yemen-nic.info/news/detail.php?ID=26656> All other info on the NIC website regarding the law is from 2009 and discusses it as a draft law.

- 3) This website clearly explains what the bill contains, again in the context of draft law: http://www.26sep.net/news_details.php?lng=arabic&sid=50657
- 4) http://www.yemeneconomist.com/index.php?option=com_content&view=article&id=7330:2011-02-23-19-39-21&catid=15:comms&Itemid=26 A telecommunications bill that regarded in large part freedom of information was hotly contested; some opponents alleged that it allowed the state to spy.
- 5) The law was controversial because it contained a number of clauses that civil society, particularly journalists, thought impinged on their freedom: <http://yemenpost.net/Detail123456789.aspx?ID=100&SubID=157&MainCat=10>
- 6) An English-language article from the Yemen Observer, Feb 2009, discusses what the law contains: <http://www.yobserver.com/reports/10015712.html> "A draft law on access to information that the Yemeni parliament is scheduled to debate this week has already drawn criticism from journalists and democracy activists who describe it as restricting press freedom....The draft law concedes that access to information is one of the basic rights of citizens, but stipulates that the release of information should not damage national security or social cohesion, Yemen's foreign relations, the national economy and public and private economic, trade and financial interests.. Anyone found breaking these rules could be sentenced to six years in jail."
- 7) "Status of Freedom of Information Legislation in the Arab World". OSI. Feb 6 2010 (attached): "Jordan is still the only Arab country to have enacted an Access to Information Law. Bills on the right to information have been debated in Lebanon, Palestine, Kuwait, Yemen, Egypt, Morocco and Bahrain." It concluded: "A number of proposals of laws on access to information were initiated in Yemen. Two drafts were proposed, one by the Yemeni Journalists Against Corruption and the other by the Yemeni government.
- 8) "Comment on the Draft Law Concerning the Freedom of Information in Yemen." Article 19. October 2009. <http://www.article19.org/data/files/pdfs/analysis/yemen-comment-on-the-draft-law-concerning-the-information-of-yemen.pdf> The Media and Culture Committee of the Yemeni Parliament drafted a law that was described by Article 19 as "a very progressive piece of legislation that is based on international standards on freedom of information and comparative practice."
- 9) In May 2009, Hood for Defending Human Rights and Freedoms, an NGO working to defend human rights in Yemen, and Article 19 organized a workshop on the right to access information. The workshop discussed the Yemeni draft law on access to information. The Yemeni draft received criticism from journalists and human rights groups.
- 10) In October 2009, Article 19 produced a memorandum commenting on the draft law of access to information. The organization focused on the shortfalls of the present draft and provided recommendations for the improvement of its provisions among which: redefinition of the "bodies" and "information" covered in the law, amendment on the legal accountability resulted from request of information; and change of the regime of exceptions to comply with international standards.
- 11) On June 25, 2009, Altagheer Net (Change Net in English), a Yemeni news website, and the National Endowment for Democracy (NED) organized a workshop on "Yemeni Media and Freedom of Information". The participants called on the Yemeni government to harmonize the laws that regulate the media and information, to engage the Yemeni Journalists Syndicate in the drafting of the law on access to information and to stop blocking access to news websites and confiscation of newspapers. A paper was presented at the workshop that summarized the law on freedom of information, the international standards and instruments. Article 19, Comment on the Draft Law concerning Information in Yemen, October 2009. (English). <http://www.article19.org/pdfs/analysis/yemen-comment-on-the-draft-law-concerning-the-information-of-yemen.pdf>
- Draft Law on Access to information. http://www.sabanews.net/ar/upload/File/Information_law.doc (Arabic)
- See, http://www.alsahwa-yemen.net/view_news.asp?sub_no=1_2009_05_06_70365 (Arabic)
- Article 19, Comment on the Draft Law concerning Information in Yemen, October 2009. (English). <http://www.article19.org/pdfs/analysis/yemen-comment-on-the-draft-law-concerning-the-information-of-yemen.pdf>
- Journalists call on Government stop obstruct access to information , Al-tagheer, <http://www.al-tagheer.com/news.php?id=9414>
- Freedom of Information workshop, Al-tagheer, http://www.al-tagheer.com/editor_images/marnadwaa.pdf (Arabic)
- 12) USAID MEPI website says that IREX worked with the ministers to draft the law and it was sent to Parliament and waiting for full approval: • MENA Media: Through the MENA Media project, the International Research and Exchanges Board (IREX) worked with local NGO Yemeni Parliamentarians against Corruption (YemenPAC) on a draft Access to Information Law. The completed committee report on the draft law was sent to the full Parliament and the legislation is now on the agenda awaiting final

approval. IREX has also worked with the Yemeni Journalists Syndicate in reforming the current Press and Publications Law.<http://yemen.usembassy.gov/yemen/mepispa.html>

13) UNDP Programme on Governance in the Arab Region (POGAR)'s website indicates this was only a draft law: <http://www.undp-pogar.org/countries/links.aspx?cid=22&cat=4>

References:

- 1) <http://www.justice-lawhome.com/vb/showthread.php?t=9166>
- 2) May 3, 2010 <http://yemen-nic.info/news/detail.php?ID=26656>
- 3) http://www.26sep.net/news_details.php?lng=arabic&sid=50657
- 4) http://www.yemeneconomist.com/index.php?option=com_content&view=article&id=7330:2011-02-23-19-39-21&catid=15:comms&Itemid=26
- 5) <http://yemenpost.net/Detail123456789.aspx?ID=100&SubID=157&MainCat=10>
- 6) <http://www.yobserver.com/reports/10015712.html>
- 7) "Status of Freedom of Information Legislation in the Arab World". OSI. Feb 6 2010 (attached)
- 8) "Comment on the Draft Law Concerning the Freedom of Information in Yemen." Article 19. October 2009. <http://www.article19.org/data/files/pdfs/analysis/yemen-comment-on-the-draft-law-concerning-the-information-of-yemen.pdf>
- 9) Hood for Defending Human Rights and Freedoms
- 10) <http://www.article19.org/pdfs/analysis/yemen-comment-on-the-draft-law-concerning-the-information-of-yemen.pdf> October 2009. Article 19.
- 11) Article 19, Comment on the Draft Law concerning Information in Yemen, October 2009. (English). Draft Law on Access to information. http://www.sabanews.net/ar/upload/File/Information_law.doc (Arabic)
See, http://www.alsahwa-yemen.net/view_news.asp?sub_no=1_2009_05_06_70365 (Arabic)
Article 19, Comment on the Draft Law concerning Information in Yemen, October 2009. (English). <http://www.article19.org/pdfs/analysis/yemen-comment-on-the-draft-law-concerning-the-information-of-yemen.pdf>
- Journalists call on Government stop obstruct access to information , Al-tagheer, <http://www.al-tagheer.com/news.php?id=9414>
- Freedom of Information workshop, Al-tagheer, http://www.al-tagheer.com/editor_images/marnadwaa.pdf (Arabic)
- 12) USAID MEPI website <http://yemen.usembassy.gov/yemen/mepispa.html>
- 13) UNDP Programme on Governance in the Arab Region (POGAR)'s website <http://www.undp-pogar.org/countries/links.aspx?cid=22&cat=4>

Peer Review Comments:


I agree. However, the Cabinet started negotiations to implement a Disclosure Statute , similar to the Freedom of Information Act in the USA. This law, when implemented, states that if requested, the information requested must be disclosed to the petitioner.

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Legal Framework and Practices

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Indicator	Score
1.3 Legal Framework and Practices	72 

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:

1) PEPA (Petroleum Exploration and Production Authority) "is the agency in charge of awarding international contracts in petroleum. A similar authority exists in the Mineral sector. These institutions are distinct from the Ministry of Oil and Minerals (www.mom.gov.ye) and from the State-Owned Companies and are budgeted separately by the Ministry of Finance. Approval of Minister and Supreme Council are required to extend contracts. Approval of the Parliamentary Development, Oil and Natural Resources Committee is also required for ratification of contracts or any amendments to them."

2) Page 72 shows an organization chart of the MOM, which includes PEPA and the YOGC has separate entities. It further says: "Central to the sector is the Ministry of Oil and Minerals, which tries to operate through a number of different institutions. In upstream oil, the main player is the Petroleum Exploration and Production Authority (PEPA). The depository of all exploration data, PEPA also supervises the international oil companies (IOCs) operating the PSAs and is responsible for processing all oil concessions. The Safer Oil Exploration and Production Company (referred to in this report as SAFER, but is also called SEPOC) is a separate entity. The company was formed in March 1997 as the Yemeni national oil company (NOC) for exploration and production (E&P)."

3) However, recent information from Wikileaks indicates that this authority has blurred somewhat: "The ROYG, led by presidential son Ahmed Ali Saleh, has shifted responsibility for selling Yemen's crude oil production share away from the Ministry of Oil and towards an interagency committee, sparking a behind-the-scenes business rivalry between tribal leaders and government officials who serve as local agents for international oil trading companies. The new oil marketing policy has attracted additional bidders to the monthly oil tenders, eroding tribal leader Hamid al-Ahmar's longstanding monopoly over the process and increasing the ROYG's oil revenues due to more competitive pricing." This document refers to the agency as the "National Investment Committee".

4) Most other documentation, including that from the Yemen Embassy in Italy, refers to the "National Investment Committee" as the "General Investment Authority", which was established in 1991. Despite the blurring of authority presented in sources 3 and 4, it seems clear that the awarding of licenses/contracts remains independent of SOCs.

References:

- 1) PEPA and MoM websites: www.pepa.com.ye ; www.mom.ye
- 2) "Investing in Oil in the Middle East and North Africa: Institutions, Incentives and the National Oil Companies". World Bank, August 2007.
- 3) Wikileaks id #227659 "New Crude Oil Sales Mechanism Sparks Tribal Rivalry" Wed, 30 Sep 2009 13:36 UTC. <http://yemenexposed.wordpress.com/2011/11/24/2009-wikileaks-yemen-oil-marketing-reform-to-play-hamid-al-ahmar-against-other-tribal-factions-favouritism/>
- 4) <http://www.yemenembassy.it/Article51.phtml?newlang=eng>

1.3.012: Is the licensing process intended to be open and competitive to all qualified companies?Score: A B C D E**Comments:**

1) PEPA website's description of bid qualifications and its site containing the text of the Prime Minister's Decree demonstrate an intent for open and competitive licensing processes that will be open to all qualified companies.

2) Yemeni Law 40 of the year 2000 further outlines procedures for fair competition. Sources 1 and 2 clearly demonstrate that in legislation and in theory (and thus intention), "The licensing process is open to all qualified companies, and provides for competition based on technical, financial and environmental criteria". However, while open competition may be the intention, actual implementation does not always indicate this is the case. For example:

3) The State Department country briefing for Yemen indicates that contracts appear to have been ended and awarded on the basis of favoritism to companies that were perceived to forward national objectives: "In December 2011, Yemen also ended its production sharing agreement in Block 14 with the Canadian firm Nexen. The Yemeni Government made a decision not to renew its contract with Nexen in favor of a newly formed, Yemeni Government-controlled company, PetroMasila."

I have scored this as "A" because the intention of open competition exists, although it is not always translated into reality.

References:

1) PEPA website's description of bid qualifications:
<http://www.pepa.com.ye/Int.Bids/organization%20Regulation%20.htm>
 and its description of the Prime Minister's Decree for "Organizational Regulation of the International Competitive Bidding's Procedures on Open Exploratory Oil Blocks"
<http://www.pepa.com.ye/Investment/how%20you%20can%20invest%20in%20yemen.htm>

2) Yemeni Law 40 of the year 2000 further outlines procedures for fair competition.

3) US State Department Yemen Country Briefing: <http://www.state.gov/r/pa/ei/bgn/35836.htm>

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:**

The primary authority in charge of awarding contracts for oil exploration and development is PEPA, via MOM.

1) Yemeni Law 40 of the year 2000 states clearly that the legislative branch has an oversight role over the oil, gas and mining sectors.

2) In practice though there are some limits to PEPA's authority, as Parliament has in the past unilaterally abrogated contracts that were approved by PEPA. See for example the Yemen Corruption Assessment report (attached), page 35: "In the midst of this picture of seemingly complete disempowerment, several committees stand out as relative exceptions. The Oil Committee has been particularly active in investigating, and in at least one case blocking, a government-sponsored international oil concession that was perceived as financially disadvantageous for Yemen in its preliminary terms. Several MPs reported that the Oil Committee's aggressiveness on the Hunt Oil deal and other issues was important for MPs in breaking down the perceived limitations in parliamentary influence."

3) However, PEPA allegedly attempts to bypass this check on its power, as at times Parliament has been unaware of contract details awarded by these institutions. Legislation states they are to report to COCA and to Parliament (see questions regarding oversight), but in practice they seem to have broader powers.

References:

1) Yemeni Law 40 of the year 2000 states clearly that the legislative branch has an oversight role over the oil, gas and mining sectors.

2) "Yemen Corruption Assessment." USAID. 2006.

4) "Yemen's Natural Gas - Who Benefits?" Jane Novak. 2009.
<http://armiesofliberation.com/archives/2009/12/21/yemens-natural-gas/>

Peer Review Comments:

I agree. Since there are no standard agreements with set terms, Parliament has the final say-so in contract settlements.

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:

1) Yemeni Law 40 of the year 2000 states clearly that the legislative branch has an oversight role over the oil, gas and mining sectors.

2) PEPA creates PSAs, which then become laws upon Parliamentary approval. The Parliament has oversight over these, and can unilaterally abrogate them or recommend changes to them. The Parliamentary Committee for Oil and Mineral Resources convenes to discuss the oil and mineral legislation, including national budgeting processes. However, as is discussed previously, the Committee is supposed to ratify each of the PSAs, but the reports it receives from the companies and PEPA are not publicly published.

4) Fatima Abo-al-Assraar asserted in the interview that COCA (the auditing authority) regularly submits reports to the Parliamentary Committee for Oil and Mineral Resources, and that all Committee activity is televised. No videos of these sessions were found.

5) COCA also submits an Annual control statement on oil companies and other regular statements to Parliament.

6) Please refer to page 35 of the attached USAID report, in which it states that the Oil Committee of Parliament has wielded great power in canceling contracts with oil companies that it thought was harmful to national interests.

7) However, it is important to note the Committee's limitations. While the Parliament serves as a powerful check on the power of the Executive and of the SOCs and private companies, they can be compromised and left in the dark about SOC accounts. Jane Novak, a Yemen analyst who has been cited in State and Defense reports, states: "Yemeni parliamentarians have voiced concerns that the sales prices were under market levels. Joel Fort, the general manager of YLNG, dismissed those claims as "a legend." Mr. Fort at a press conference said Suez and Total Gas purchased the gas in accordance with international prices and the gas is intended for distribution in the US market. Fears of collusion by YLNG, Total, it's subsidiary Total Gas and the Yemeni regime are not unfounded in light of the high level of regime corruption and Total's involvement in Iraq's massive "oil for food" scandal. Activists have charged Total uses forced labor in Burma and has wrought environmental devastation in the construction of Burma's Yadana pipeline. Another entity withholding information is the Yemeni government, which did not fully inform Parliament of the terms of the transactions. One member of the Parliaments Committee on Oil and Minerals said in a media statement that parliamentary members of President Saleh's ruling party, the GPC, were pressured to vote in support of the LNG sales without having full knowledge of the terms... In a 2005 interview, Mr. Ali Ashal, Member of Parliament on the Oil and Minerals Committee, told the Yemen Times, "Total did not find us the best possible markets and prices as it is supposed to. It is said also that Total has bought also a share of our gas. How can it be a buyer and marketer at the same time? The Oil and Development Committee in Parliament has written to the Oil Ministry warning of the consequences of reaching any decisions regarding the gas project without Parliament being acquainted with the details.""

References:

1) Yemeni Law 40 of the year 2000 states clearly that the legislative branch has an oversight role over the oil, gas and mining sectors.

2) "Yemen Corruption Assessment." USAID. 2006.

3) "Yemen's Natural Gas - Who Benefits?" Jane Novak. 2009.
<http://armiesofliberation.com/archives/2009/12/21/yemens-natural-gas/>

1.3.015: Is there a due process to appeal licensing decisions?Score: A B C**Comments:**

- 1) Article 25 of the regulation stipulates that: "The Ministry have the right to reject any offer or bid without giving any reasons for such rejection."
- 2) However, arbitration has occurred in instances of disagreement over the Ministry or Parliament's disapproval. This arbitration was stipulated by the PSA (which becomes a law after Parliament approval).: "The case was heard by the International Chamber of Commerce, a French based international business body. "In terms of arbitration it's probably the best known, and its jurisdiction was actually written into the fabric of the original production sharing agreement," said Knowles." This article also provides a very good overview of the licensing system in Yemen.

References:

- 1) PEPA Website, text of Prime Minister's Decree for "Organizational Regulation of the International Competitive Bidding's Procedures on Open Exploratory Oil Blocks"
<http://www.pepa.com.ye/Investment/how%20you%20can%20invest%20in%20yemen.htm>
- 2) "ExxonMobil and Hunt Oil rocked by ICC's unprecedented ruling" Arabian Business. Nov. 10, 2008.
<http://www.arabianbusiness.com/exxonmobil-hunt-oil-rocked-by-icc-s-unprecedented-ruling-83211.html>

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

Having read all of the laws, financial reports, websites, and other official information regarding the extractive industries in Yemen referenced in this questionnaire, the researcher did not see any such legal requirement, nor is this information uniformly disclosed in practice.

Peer Review Comments:

The Yemen government does not think that disclosing beneficial ownership in extractive projects is necessary or important. There have been cases where the government has mandated that information NOT be disclosed until permission has been granted to disclose information from all parties involved, or in some cases, not until after the company has left the country.

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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:

1) Please see the attached report submitted by the Yemen Government to EITI. This is the only report submitted to EITI, and details the years 2005-2007. It clearly notes that in-kind payments have been received by the Government in sections 2.1 and 2.2. This is in addition to financial payments.

There were difficulties in finding more current or corroborating information, but the EITI report is sufficient to mark this answer as "Yes".

2) Model MOU for oil production/exploration: <http://www.pepa.com.ye/images/investment/MOU.pdf>
Although it is from 2006, this was the last round of bids and so it can be considered relatively current. Please note it details acceptable forms of payment and minimum amounts for each; these are all monetary in nature with no mention of in-kind payments.

References:

- 1) Yemen EITI Report for the years (2005-2007 attached)
- 2) Please see copy of PSA for oil production/exploration here:
<http://www.pepa.com.ye/images/investment/MOU.pdf>

Peer Review Comments:

It is common for the government to receive 49% of the final product while the companies receive 51%. However, the companies deduct costs that were negotiated in the contract before computing the 51/49 split.

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:

The attached EITI report shows that the Government both exports (although it does not mention the method of export sales) and sends to refineries the oil it receives as in-kind payment. Please refer to page 15 of the EITI report: "For the purpose of the EITI reconciliation and reporting, the treatment of Government entities is as follows:

- Safer: the production of Block 18 is treated as a sector production operation. The benefit flows to Government from Block 18 are treated as transferred to Government at the point the oil leaves the terminal, whether for export or transfer to a refinery.

- Aden refinery: the refining operation is out of the scope of the reconciliation. Oil receipts at refineries are treated as crude oil placed in the hands of Government. Oil that is exported from the terminal for the account of the Aden refinery is treated as Government exports.
 - Marib refinery (YORC): as for Aden refinery."
- Section 5-7 of the report detail the amounts of oil transferred to the Government for export and for refineries. "

References:

EITI Report submitted by the Government of Yemen in 2010 to detail years 2005-2007

Peer Review Comments:

The Prime Minister has formed a committee comprised of the heads of the various ministries. This committee meets monthly to discuss the selling of the government shares and makes the decisions for selling the government shares from the various companies based on the best market price. Whenever this committee sits, it is announced to the public newspapers with the best selling price.

2.1.019: What authority actually collects payments from resource companies?

Score: A B C D E

Comments:

1) Presidential Decree 27 (1993) stipulates that the MOF Administration of Oil and Mineral Revenues is responsible for collecting revenue from oil and mineral companies.

References:

1) Presidential Decree 27 (1993) : http://www.presidentsaleh.gov.ye/showlaws.php?_lwbkno=3&_lwptno=3&_lwnmid=329

Peer Review Comments:

















This is true. However, the Ministries can receive benefits directly from the companies, such as training, paid scholarships, etc.

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Yemen - RWI Index Questionnaire

Disclosure

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Indicator		Score	
2.2A.020	Does the Ministry of Finance publish periodical information on revenue generation?	33	
2.2A.020.j	Does the Ministry of Finance publish information on disaggregated revenue streams?	33	
2.2A	Quality of reports	84	
2.2B.020	Does the Ministry of the extractive sector publish information on revenue generation?	48	
2.2B.020.j	Does the Ministry of the extractive sector publish information on disaggregated revenue streams?	33	
2.2B	Quality of reports	50	
2.2C.020	Does a Regulatory Agency publish information on revenue generation?	33	
2.2C.020.j	Does a Regulatory Agency publish information on disaggregated revenue streams?	0	
2.2C	Quality of reports	33	
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?	25	
2.2D	Quality of reports	50	
2.2E.020	Does any other government agency or entity publish information on revenue generation?	26	
2.2E.020.j	Does any other government agency or entity publish information on disaggregated revenue streams?	17	
2.2E	Quality of reports	67	
2.2	Public sector balance	100	

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:

Oil/mineral/gas reserves not mentioned in the 2011 Statistical Review.

References:

Reporting Year is defined as 2011.

The attached yearly statistical report released by the Ministry of Finance is for 2011 Q2, and includes comparative data since 2006. The Ministry of Finance's website publishes their statistical review every quarter (through 2011 Q2). <http://www.mof.gov.ye/issues/financial-statistics-issues.html>

2.2A.020.b: Production volumes

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

Comments:

This information was not found in the yearly statistical report.

References:

The attached yearly statistical report released by the Ministry of Finance is for 2011 Q2, and includes comparative data since 2006. The Ministry of Finance's website publishes their statistical review every quarter (through 2011 Q2). <http://www.mof.gov.ye/issues/financial-statistics-issues.html>

Peer Review Comments:

The Ministry of the Extractive is the one which publishes information about the volume of production. The Ministry of extractive publishes this information annually in their annual report. These reports are also made public. So the information does get published, just not by the MOF.

2.2A.020.c: Information on prices

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

Comments:

The attached yearly statistical report on page 10 shows average price in dollars per barrel of oil.

References:

The attached yearly statistical report released by the Ministry of Finance is for 2011 Q2, and includes comparative data since 2006.

2.2A.020.d: Value of resource exports

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

Comments:

Reporting Year is defined as 2011

1) The attached report released by the Ministry of Finance is for 2011, and includes comparative data since 2006.

*pages 27 - 29 and 53-55 detail revenue generated from export of gas and oil

**debts from export loans are detailed on pages 11, 25 and 26

References:

MOF 2011 Q2 Statistical Review (attached)

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

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

Comments:

1) The Statistical review for 2011 (attached) only shows taxes derived from companies in the exploration phase (pages 53-55), not the funds that the state has invested in exploration and development for the extractive industries.

It is important to note that development and capital expenditures in the national budget as a whole are shown on page 11, but this is not broken down by industry.

References:

The attached yearly statistical report released by the Ministry of Finance is for 2011 Q2, and includes comparative data since 2006.

2.2A.020.f: Production costs

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

Comments:

The statistical review for 2011 does not include information on production costs for the extractive industries.

References:

The attached yearly statistical report released by the Ministry of Finance is for 2011 Q2, and includes comparative data since 2006.

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

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

Comments:

The attached yearly statistical review for 2011 does not list the names of companies operating in the country.

References:

The attached yearly statistical report released by the Ministry of Finance is for 2011 Q2, and includes comparative data since 2006.

Peer Review Comments:

The MOF does not publish this information, but the company names are published by PIPA. This information is also published by each extractive sector ministry in their annual reports, which are available publicly. So the information is published, just not by the MOF.

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

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

Comments:

The 2011 Statistical Review does not include information on production data by company and/or block.

References:

The attached yearly statistical report released by the Ministry of Finance is for 2011 Q2, and includes comparative data since 2006.

Peer Review Comments:

Again, the MOF does not publish this information, but PIPA does, as do the various extractive ministries.

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

Score: A B C D E

Comments:

Reporting Year is defined as 2011

1) The attached report released by the Ministry of Finance is for 2011, and includes comparative data since 2006.

*pages 27 - 29 and 53-55 detail revenue generated from export of gas and oil

**debts from export loans are detailed on page 11

***outlines state revenue by agency, including the Ministry of Oil and Minerals. The report does not outline what this portion of revenue was directly allocated to, but does include information on government expenditures as a whole by month and year (pages 69 -74), including disaggregation of expenditures on subsidies, grants, social benefits, and "other cash subsidies and transfers". As the report shows on page 67 that 25% of government revenue is generated from the oil and mineral sector, one can arguably assume that a proportional amount (25%) of subsidies and social benefits are funded by the extractive industry.

2) Information about social contributions, etc. paid for directly by the Ministry of Oil and Minerals can be obtained from the final statement of accounts published on the Ministry of Finance website. This does not seem to be updated as often as the Statistical Review; the most recent statement for MOM published on the MOF website is from 2009 (attached). Please note page 6 of the document lists info on social contributions.

References:

1) MOF 2011 Q2 Statistical Review (attached)

2) MOF Final Account Balance FY 2009 (attached)

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

2.2A.020.j1: Production streams value

Score: A B C D E

Comments:

Information on production streams value was not found in the 2011 Statistical Review. Although the report does provide information on revenue from exporting crude oil and gas and from domestic oil and gas sales, it does not state whether this is the sum total value of all oil and gas production in the country for that year.

References:

1) The attached yearly statistical report released by the Ministry of Finance is for 2011 Q2, and includes comparative data since 2006.

Peer Review Comments:

Again, this information is not published by the MOF, but it is published in the annual report of the Ministry of Oil and Minerals. This report is available for public view.

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

Score: A B C D E

Comments:

The MOF Annual Budget for 2009 shows on page 46 the amount of profit earned by various industries (including oil and gas as one industry) and the government share of that profit, in addition to percentage change in government share from 2008 to 2009. It does not show this information per individual contract, but rather for oil and gas as a whole.

References:

MOF Annual Budget 2009 <http://www.mof.gov.ye/files/budget/2009/budget-state2009.pdf> (file too large to attach)

2.2A.020.j3: Royalties

Score: A B C D E

Comments:

Royalties information was not found in the 2011 Statistical Review.

References:

Ministry of Finance 2011 Q2 Statistical Review - with comparative data from 2006

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

Score: A B C D E

Comments:

Information on taxes on companies in the exploration stage of oil/gas/mineral production and production taxes from oil, gas and minerals are listed on pages 53-55 of the 2011 Statistical Review.

References:

Ministry of Finance 2011 Q2 Statistical Review - with comparative data from 2006

2.2A.020.j5: Dividends

Score: A B C D E

Comments:

Dividends are not described in the 2011 Statistical Review.

References:

MOF Statistical Review 2011 Q2

2.2A.020.j6: Bonuses

Score: A B C D E

Comments:

- 1) Information about bonuses, etc. paid for directly by the Ministry of Oil and Minerals can be obtained from the final statement of accounts published on the Ministry of Finance website. This does not seem to be updated as often as the Statistical Review; the most recent statement for MOM published on the MOF website is from 2009 (attached).
- 2) The MOF 2011 Statistical Review provides information on pages 53-55 regarding signature grants

i.e., signing bonus for the government from foreign oil companies.

References:

MOM final statement of accounts for 2009 published on the Ministry of Finance website 2009 (attached).
MOF 2011 Q2 Statistical Review contains information from 2006 - 2011 (attached)

2.2A.020.j7: License fees

Score: A B C D E

Comments:

License fees are not included in the Statistical Review.

References:

The Ministry of Finance's website publishes their statistical review every quarter. As one can see from this section of their website, this information is published for 2006 to the present.
<http://www.mof.gov.ye/issues/financial-statistics-issues.html> MOF 2011 Q2 Statistical Report is attached.

2.2A.020.j8: Acreage fees

Score: A B C D E

Comments:

Information about acreage fees is not included in the quarterly reports. These acreage fees are not to be confused with the economic rent mentioned in the report on pages 53-55.

References:

The Ministry of Finance's website publishes their statistical review every quarter. As one can see from this section of their website, this information is published for 2006 to the present.
<http://www.mof.gov.ye/issues/financial-statistics-issues.html> MOF 2011 Q2 Statistical Report is attached.

Peer Review Comments:

MOF does not publish this information, but this question is relevant to the Ministry of Oil and Minerals.

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

Score: A B C D E

Comments:

No other information of interest.

References:

The MOM final statement of accounts disaggregated by payment type is published on the MOF website for FY 2009 and earlier. This report can be found on the MOM link of the site
http://www.mof.gov.ye/files/f_account/2009/c.html

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:

From analysis of the Ministry of Finance's statistical review for 2011 Q2, it is clear that the report lacks narrative (it includes only a short forward, an index, and statistical tables/graphs), but the information is organized in a logical, meaningful, and clear way, allowing for third-party data analysis on various levels. Information can also be classified as comprehensive due to the various groupings of information, historical and current information, disaggregation by sector and other variables, etc.

References:

MOF Statistical Review 2011 Q2

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

Score: (A) B C D E

Comments:

The Ministry of Finance's website publishes their statistical review every quarter. As one can see from this section of their website, this information is published for 2006 to the present.
<http://www.mof.gov.ye/issues/financial-statistics-issues.html> MOF 2011 Q2 Statistical Report is attached.

References:

<http://www.mof.gov.ye/issues/financial-statistics-issues.html>
 MOF 2011 Q2 Statistical Report is attached.

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:

- 1) Information about specific amounts mandated to be reserved and amounts actually reserved do not seem to be detailed in any MOM publication. Statistical information for some historical years is published. In particular, see a 2006/2007 MOM workplan report:
<http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under **ديوان علم الوزارة**. This report discusses that steps were taken to ensure sufficient reserves should be set aside, but does not detail the action or quantities.
- 2) The Ministry of Oil and Minerals published a report on its website that stated that a national oil reserve is not implemented even though it is legally mandated. [http://www.mom.gov.ye/en/Governmental Report Criticizes Lack of Punishable Procedures Against Manipulators of Gas Prices](http://www.mom.gov.ye/en/Governmental%20Report%20Criticizes%20Lack%20of%20Punishable%20Procedures%20Against%20Manipulators%20of%20Gas%20Prices): " It further states it is extremely odd that the gas company's strategy does not incorporate any indication of securing the Capital Trust with strategic gas reserve from any future gas crisis, despite that the council of ministers' decree No. 298 dictates that there must be a stockpile of gas for at least three months in the Capital Trust."
- 3) In August 2007, the Ministry of Oil and Minerals, Government of Yemen, established the multi-stakeholder "National EITI Council" with a separate YEITI Secretariat. This YEITI Council is one layer of accountability, but it is consensus-based and does not have enforcement mechanisms. The YEITI Council has a Secretariat that reports to the MOM. In terms of reserves information published by the YEITI, reserve amounts are not detailed in the only report YEITI has released (attached).

References:

- 1) 2006/2007 MOM workplan report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة .
- 2) Report on the Ministry of Oil and Minerals website <http://www.mom.gov.ye/en/> entitled "Governmental Report Criticizes Lack of Punishable Procedures Against Manipulators of Gas Prices"
- 3) YEITI Report 2010 (covering data from 2005-2007)

2.2B.020.b: Production volumes

Score: A B **C** D E

Comments:

- 1) The Ministry of Minerals and Oil does not publish this information at www.mom.gov.ye nor does the Petroleum Exploration and Production Authority at www.pepa.com.ye
- 2) Information about production volumes are detailed in certain MOM publications, but this information is limited to some historical years, not 2011 or 2012. In particular, see: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة . This report discusses the workplan of the Ministry in the extractive sector for 2006/2007. Average daily oil production and total for the years 2001-2007 is also shown on the production subsection of the MOM website: <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=294&tabid=275>
- 3) Historical information published by the YEITI for 2005-2007 on revenue generation: This information can be considered as a MOM/regulatory agency publication. Please consult sections 2 and 5; volumes of amounts transferred to the government are shown, but not the total volume of production for each bloc and the relative percentage.

References:

- 1) The Ministry of Minerals and Oil at www.mom.gov.ye; Petroleum Exploration and Production Authority at www.pepa.com.ye
- 2) MOM website: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة and <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=294&tabid=275>.
- 3) YEITI Report for 2005-2007 (attached), especially sections 2 and 5

2.2B.020.c: Information on prices

Score: **A** B C D E

Comments:

- 1) Historical information was generated by the YEITI for 2005-2007. Please consult sections 2 and 5. This gives information on the volume and dollar amount of oil transferred to the Government during those years. This therefore provides information on the price per unit of oil. (Whether this is an export or an internal/government-to-company price is unclear.)
- 2) Dollar and volume amount for a few companies (but not all) can also be found in the Workplan. Again, this is historical, incomplete information. However, price per barrel of oil can be found for the years 2000-2007 under the Crude Oil Marketing section of the MOM website.

References:

- 1) YEITI Report 2005 - 2007
- 2) Two sources from the MOM website- 2006/2007 MOM workplan report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "at-tafaseel/details" link under ديوان عام الوزارة . Also under the Crude Oil Marketing subsection of Strategies: <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=299&tabid=275>

Peer Review Comments:

The MOM publishes a book every year entitled "Oil, Gas, and Mineral Statistics". The last one was

published in 2010 (in Arabic and English) by the MOM and is distributed to International corporations in printed copies only. It is not possible to find it online. It contains a table p.40 that details the monthly export revenue, average price per barrel, and the export volume of oil.

2.2B.020.d: Value of resource exports

Score: A B C D E

Comments:

- 1) Historical information was generated by the YEITI for 2005-2007. Please consult section 6. This gives information on the volume and dollar amount of oil transferred to the Government for export during those years. This therefore provides information on the price per unit of oil. It is not clear whether this represents an external sale price or an internal price determination.
- 2) The MOM website provides information on the total amount of crude oil exports per year for 2000-2007 and the amount sold by the government destined for each particular foreign country.

References:

- 1) YEITI Report 2005-2007
- 2) MOM website, Marketing of Crude Oil subsection under Strategies:
<http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=299&tabid=275>

Peer Review Comments:

See previous comment. Information available in hard copies only.

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

Score: A B C D E

Comments:

- 1) EITI Report - Yemen - 2005-2007: This information is not included in the report.
- 2) The only sections of the Ministry of Oil and Minerals website where this can be found is under the oil subsection of the strategies page. It provides general historical data on amount in dollars in investment in exploration and development of oil and the number of wells dug. Under the production subsection, it shows the amount of investment by producing companies. This is shown for 2001-2007.

References:

- 1) YEITI Report 2005-2007
 - 2) MOM website, Strategies sub-section regarding Oil: <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=290&tabid=275> and regarding Production:
<http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=294&tabid=275>
-

2.2B.020.f: Production costs

Score: A B C D E

Comments:

Not published.

References:

- 1) YEITI Report 2005-2007
 - 2) MOM website: <http://www.yemen.gov.ye>
-

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

Score: A B C D E

Comments:

- 1) EITI Report - Yemen - 2005-2007: Details historical information on the number of companies operating in the country; section 10, 11 and 12 list the companies and Attachment A contains a letter from each company signed by the General Manager to state their participation in the EITI data collection effort.
- 2) The names of companies that extract natural gas are listed on this website subsection.

References:

- 1) YEITI Report 2005-2007 (attached)
- 2) 2006/2007 MOM workplan report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة .
- 3) MOM website, Gas subsection under Strategies: <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=296&tabid=275>

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

Score: A B C D E

Comments:

- 1) Information about about production data by company/block is not detailed in the EITI Report - Yemen - 2005-2007
- 2) Scant historical production data on oil for a handful of companies is published on the MOM website at <http://www.yemen.gov.ye/portal/Default.aspx?tabid=263>. Production data of LNG is detailed in the MOM website for 2000-2007 at <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=296&tabid=275> but this is not disaggregated by company as production is governed by one partnership; rather, percentage share is given for each company.

References:

- 1) YEITI Report 2005-2007
- 2) MOM website <http://www.yemen.gov.ye/portal/Default.aspx?tabid=263> and <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=296&tabid=275>

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

Score: A B C D E

Comments:

- 1) Information about subsidies and social investments paid by oil revenue is included in the EITI Report - Yemen - 2005-2007. Listed on page 19 as "social development bonus".
- 2) More up-to-date information was not found elsewhere on the MOM website.

References:

- 1) YEITI Report 2005-2007
- 2) MOM website at <http://www.yemen.gov.ye/portal/Default.aspx?tabid=263>

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:

- 1) The YEITI Report, particularly in sections 5 and 8, disclose various types of production streams and their values. Value of total production is listed. The report further includes information on: crude oil exports; Crude oil transfers to refineries; financial payments; production bonus; training bonus; Institutional Bonus; social development bonus; signature bonus; Excess recovery; price adjustments, audit settlement, PSA Tax; and Tariff Facilities Usage Fees.
- 2) More up-to-date information was not found elsewhere on the MOM website.

References:

- 1) YEITI Report 2005-2007
- 2) MOM Website <http://www.yemen.gov.ye/portal/Default.aspx?tabid=263>

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

Score: **A** B C D E

Comments:

- 1) EITI Report - Sections 8 and 5 show "PSA Tax" but does not specify percentage. This could be inferred from the information on payments transferred to the Government. This information is for 2005-2007.
- 2) PSA template agreements published on the PEPA website show minimum requirements for government share, as well as actual amounts for winning bids.
- 3) The attached concessions map, current as of January 2012, can be enlarged to show that the chart on the right includes information on block operators and partners, and the percentage share to each. Although government share is not explicitly shown here, one could deduce this using other data sets by seeing which companies are SOCs and their relative share to other companies on each block.
- 4) This section of the site shows the government's share in total oil production (not per PSA/block, etc.) for the years 2001-2007.
- 5) Government share in LNG production is detailed on this site.

References:

- 1) YEITI Report - 2005-2007
- 2) PEPA Website, PSA Agreements -
- 3) Concessions Map January 2012 - If the PDF cannot be enlarged, access the file here: <http://www.pepa.com.ye/images/concession/concession-map.pdf>
- 4) MOM website, Production subsection of Strategies: <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=294&tabid=275>
- 5) MOM website, Gas subsection of Strategies: <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=296&tabid=275>

2.2B.020.j3: Royalties

Score: A B **C** D E

Comments:

- 1) EITI Report - Royalties not shown.
- 2) PSA template agreements published on the PEPA website show minimum requirements for royalties, but not actual amounts for winning bids.
- 3) The historical workplan does show the share of revenue collected by the government from a select few companies; however, this does not include all companies.
- 4) This information is not shown elsewhere on the MOM website.

References:

- 1) YEITI Report 2005-2007

- 2) PEPA Website
- 3) 2006/2007 MOM workplan report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة .
- 4) MOM website <http://www.yemen.gov.ye/portal/Default.aspx?tabid=263>

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:

- 1) Information about special taxes levied and collected does not seem to be systematically detailed in any MOM publication. Certain cases for some historical years is published, but these mention only that action was taken to levy and collect, and although it provides some quantitative information, it does not provide this for all taxes nor discuss whether other this was the totality of all tax action taken. In particular, see the 2006/2007 MOM workplan report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة .
- 2) Excess recovery taxes are mentioned in the YEITI report, sections 5 and 8.

References:

- 1) 2006/2007 MOM workplan report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة .
- 2) YEITI Report 2005-2007

2.2B.020.j5: Dividends

Score: A B C D E

Comments:

- 1) This information is not elsewhere published on the MOM website.
- 2) In particular, see the 2006/2007 MOM Workplan Report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة . This report does not mention dividends.
- 3) This information is not mentioned in the YEITI Report.

References:

- 1) MOM website at <http://www.yemen.gov.ye/portal/Default.aspx?tabid=263>
- 2) In particular, see the 2006/2007 MOM Workplan Report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة .
- 3) YEITI Report 2005-2007

2.2B.020.j6: Bonuses

Score: A B C D E

Comments:

- 1) This information is not published on the MOM website, other than #2 below.
- 2) In particular, see the 2006/2007 MOM Workplan Report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة . This report mentions "grants" that were paid by companies to the government, which is generally synonymous with "bonus".
- 3) Mention of production, training, institutional and social development bonuses are contained in the report compiled by YEITI (attached). Please refer to sections 5 and 8.

References:

- 1) MOM website
- 2) 2006/2007 MOM Workplan Report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة . This report does not mention bonuses.
- 3) YEITI Report 2005-2007

2.2B.020.j7: License fees

Score: A B C **D** E

Comments:

- 1) This information is not published on the MOM website, although some statistical information for other types of revenue indicators are published for some historical years.
- 2) In particular, see the 2006/2007 MOM Workplan Report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة . This report does not mention license fees.
- 3) YEITI Report 2005-2007 does not note this information, although it does have a "Tariff Facilities Usage Fees"

References:

- 1) This information is not published on the MOM website, although some statistical information for other types of revenue indicators are published for some historical years.
- 2) In particular, see the 2006/2007 MOM Workplan Report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة . This report does not mention license fees.
- 3) YEITI Report 2005-2007

2.2B.020.j8: Acreage fees

Score: A B **C** D E

Comments:

- 1) This information is not published on the MOM website, although some statistical information for other types of revenue indicators are published for some historical years.
- 2) In particular, see the 2006/2007 MOM Workplan Report: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة . This report does not mention acreage fees.
- 3) YEITI Report 2005-2007 does not note "acreage fees" but it does have a "Tariff Facilities Usage Fees".

References:

- 1) MOM website
- 2) <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx> then click on the "details" link under ديوان عام الوزارة .
- 3) YEITI Report 2005-2007, sections 5 and 8

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

Score: A B C D **E**

References:

N/A

2.2B Quality of reports

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:

1) From analysis of the MOM's website sections containing strategy, statistical and workplan reports, it is clear that the reports lack information on methodology, sources and statistical techniques. Many of the reports lack complete information for all companies or otherwise complete information to make meaningful analysis. The information that is presented is organized in a logical way and is explained clearly.

This analysis is based off the historical reports contained on the MOM website at <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx>, at <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=299&tabid=275> and other subsections mentioned previously.

2) Some of the methods of defining prices, sources of revenues, etc. are not specified in the EITI report. However, it contains a large amount of information spanning 3 years and gathered from numerous companies, cross-checked against government entities and with an effort to minimize differences and thus add clarity to revenue streams. The report is written in clear, comprehensible English.

References:

- 1) MOM website: <http://www.yemen.gov.ye/portal/mom/المشاريعوالانجازات/tabid/277/Default.aspx>
 - 2) YEITI Report 2005-2007
-

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:

1) Information about extractive revenue published by the MOM was taken from the Ministry's website. The website appears to publish mainly information from 2000-2007. Most of these reports were published as multi-year reports (spanning several years). Although this information is available on a per year basis, it does not seem as though it is created every single year. Furthermore, the information is all historical and there is no reporting year information.

2) Information about revenue generation published by the MOM is taken from the 2010 YEITI Report detailing years 2005-2007. This was the first EITI report published by Yemen. A second report was not published in 2011 and it is unclear whether subsequent reports will be published at all.

References:

- 1) MOM website: <http://www.yemen.gov.ye/portal/Default.aspx?PageContentID=299&tabid=275>
- 2) YEITI Report 2005-2007
- 3) EITI Website regarding Yemen: <http://eiti.org/Yemen>

Peer Review Comments:

After the 2010 YEITI Report was accepted, Yemen went through some political upheaval in 2011 and, as a result, the funds that supported this project by the World Bank was put on hold. So publishing the second EITI report was also put on hold. It may be, however, that another report will follow since the World Bank re-funded the EITI project in early 2012.

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

2.2C.020.a: Reserves**Score:** A B C D E**Comments:**

There is no independent regulatory agency in Yemen. However, the Petroleum Exploration and Production Authority can be assessed in that section as it has its own website.

References:

<http://www.pepa.com.ye/Production%20Activities/production%20activities.htm#Oil%20&%20Gas%20Reserve>

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

Production volume per bloc.

References:

<http://www.pepa.com.ye/Production%20Activities/producing%20blocks.htm>
<http://www.pepa.com.ye/Production%20Activities/activities.htm>

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

<http://www.pepa.com.ye/index.htm>

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

<http://www.pepa.com.ye/index.htm>

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

<http://www.pepa.com.ye/index.htm>

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

References:

<http://www.pepa.com.ye/index.htm>

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

Score: A B C D E

References:

<http://www.pepa.com.ye/Companies/companies.htm>

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

Score: A B C D E

References:

<http://www.pepa.com.ye/Production%20Activities/producing%20blocks.htm>

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

Score: A B C D E

References:

<http://www.pepa.com.ye/index.htm>

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

2.2C.020.j1: Production streams value

Score: A B C D E

References:

<http://www.pepa.com.ye/index.htm>

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

Score: A B C D E

Comments:

PEPA publishes the number of PSCs signed but not the government's share in them.

References:

<http://www.pepa.com.ye/Investment/psa.htm>

2.2C.020.j3: Royalties

Score: A B C D E

References:

<http://www.pepa.com.ye/index.htm>

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:

<http://www.pepa.com.ye/index.htm>

2.2C.020.j5: Dividends

Score: A B C D E

References:

<http://www.pepa.com.ye/index.htm>

2.2C.020.j6: Bonuses

Score: A B C D E

References:

<http://www.pepa.com.ye/index.htm>

2.2C.020.j7: License fees

Score: A B C D E

References:

<http://www.pepa.com.ye/index.htm>

2.2C.020.j8: Acreage fees

Score: A B C D E

References:

<http://www.pepa.com.ye/index.htm>

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

Score: A B C D E

References:

<http://www.pepa.com.ye/index.htm>

2.2C Quality of reports

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

Score: A B C D E

Comments:

PEPA publishes information about its operations on its website but no information on revenues or reports.

References:

<http://www.pepa.com.ye/index.htm>

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:

See previous question.

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

2.2D.020.a: Reserves

Score: A B C D E

Comments:

There does not appear to be an extractive reserve.
However, information about reserves of local currency and deposits in central bank are published on pages 12, 35, 36, and 40-43.

References:

Central Bank 2010 Annual Report (AR)

2.2D.020.b: Production volumes

Score: A B C D E

Comments:

- 1) This information is published on the Central Bank website for 2010 as well as prior years (back to 2005)
- 2) This information continues to be published on a monthly basis in the CB's monthly reports. Please refer to page [ك](#) for the latest update on production volume and prices in this industry.

References:

- 1) CB website: <http://www.centralbank.gov.ye/>
 - 2) CB Monthly report for December 2011, page "kaf/[ك](#)"
-

2.2D.020.c: Information on prices

Score: A B C D E

Comments:

- 1) The 2010 AR details the value of oil and gas revenue on page 12, 25 and 26. It contrasts this against total revenue, and against public expenditures. Page 8 states the total value of oil export revenue and volume; price information can be calculated by dividing them: "In 2010, the government's share of oil exports was 33.2 million barrels amounting to 2652 million dollars, compared with 30.9 million barrels and 1,959 million dollars in 2009."
- 2) This information is published on the Central Bank website for 2010 as well as prior years (back to 2005)
- 3) This information continues to be published on a monthly basis in the CB's monthly reports. Please refer to page 4 for the latest update on production volume and prices in this industry.

References:

Central Bank 2010 AR (attached)
 Central Bank AR database [http://www.centralbank.gov.ye/newsletter.aspx?keyid=47&pid=46 <=1&cattype=6](http://www.centralbank.gov.ye/newsletter.aspx?keyid=47&pid=46&lang=1&cattype=6)
 Central Bank Monthly Development Report for Dec. 2011

2.2D.020.d: Value of resource exports

Score: A B C D E

Comments:

- 1) The 2010 AR details the value of oil exports on page 12 oil and gas revenues and exports as a percentage of GDP and in USD.
- 2) This information is published on the Central Bank website for 2010 as well as prior years (back to 2005)

References:

Central Bank 2010 AR
 Central Bank collection of ARs on website: <http://www.centralbank.gov.ye/newsletter.aspx?keyid=47&pid=46&lang=1&cattype=6>

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

Score: A B C D E

Comments:

- The AR does not state the dollar estimate of exploration and investment in the extractive industry. The AR gives the amount of total foreign investment in the country on pages 41 and 54, and the amount of oil company direct investment in the balance of payments sheet on page 55, but it is not clear how much of this is to exploration and development of the extractive industry, and how much the government would have additionally contributed.
- 2) Likewise, the Monthly report for Dec 2011 on page 34 gives the amount of total investment in the oil industry, but does not dis-aggregate into exploration and development.

References:

- 1) Central Bank AR 2010
 - 2) CB Monthly Report Dec 2011
-

2.2D.020.f: Production costs

Score: A B C D E

Comments:

The 2010 AR does not state the total value of production costs in the extractive industry.

References:

Central Bank 2010 AR

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

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

Comments:

The AR does not contain information about the number and names of extractive industry companies operating in the country

References:

Central Bank AR 2010

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

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

Comments:

This information is not published in the CB's ARs.

References:

Central Bank 2010 AR

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

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

Comments:

1) The 2010 AR details the value of oil and gas revenue on page 12, 25 and 26. It contrasts this against total revenue, and against public expenditures. The report shows a balance of payment sheet on page 55. Although the information is not brought together in a single chart, one could extrapolate that oil revenue paid for a proportional amount of subsidies and social investments listed in the AR.

2) This information is shown yearly in the ARs for 2005 - 2010, as seen on the CB website

References:

1) Central Bank AR 2010

2) CB website with collection of ARs: <http://www.centralbank.gov.ye/newsletter.aspx?keyid=47&pid=46&lang=1&cattype=6>

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:

The value of oil and minerals revenue is shown in the report, as well as the value of oil and LNG exports

(in particular, on pages 8 and 52). This revenue is not broken into types of revenue (such as from in-kind, taxes, license fees, etc.)

References:

- 1) Central Bank AR 2010
 - 2) Central Bank website, collecting ARs from 2005 - 2010:
<http://www.centralbank.gov.ye/newslettar.aspx?keyid=47&pid=46&lang=1&cattype=6>
-

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

Score: A B C D E

Comments:

Data is provided for government's total share in production and export of resources, although this is not broken down by each individual PSA.

References:

Central Bank 2010 AR

2.2D.020.j3: Royalties

Score: A B C D E

Comments:

This information is not contained in the 2010 AR, nor earlier ARs.

References:

Central Bank AR 2010

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:

On page 26, the AR lists total revenues as oil/gas revenue and non-oil/gas revenue. Only the non-oil/gas revenue is broken down into indirect and direct tax revenue and non-tax revenue.

References:

<http://www.centralbank.gov.ye/newslettar.aspx?keyid=47&pid=46&lang=1&cattype=6>

2.2D.020.j5: Dividends

Score: A B C D E

Comments:

This information is not contained in the 2010 AR.

References:

Central bank 2010 AR

2.2D.020.j6: Bonuses

Score: A B C D E

Comments:

This information is not published in the 2010 AR nor earlier reports.

References:

Central Bank 2010 AR

Central Bank website collecting 2005 - 2010 ARs: <http://www.centralbank.gov.ye/newslettar.aspx?keyid=47&pid=46&lang=1&cattype=6>

2.2D.020.j7: License fees

Score: A B C D E

Comments:

This information is not published in the AR 2010.

References:

Central Bank AR 2010

CB website: <http://www.centralbank.gov.ye/newslettar.aspx?keyid=47&pid=46&lang=1&cattype=6>

2.2D.020.j8: Acreage fees

Score: A B C D E

Comments:

This information is not published in the 2010 AR.

References:

Central Bank AR 2010

CB website: <http://www.centralbank.gov.ye/newslettar.aspx?keyid=47&pid=46&lang=1&cattype=6>

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

Score: A B C D E

Comments:

Not applicable, no other information contained in the report is applicable.

References:

Central Bank AR 2010

2.2D Quality of reports

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

Score: A B C D E

Comments:

The AR contains definitions of some of its terms (such as for "reserve money" on page 38), contains a large amount of narrative alongside charts, and presents information clearly. Data sets are grouped in a logical manner and allowing for additional cross-analysis. Statistical techniques are logical, with tables presenting value of industries and as percentage of total GDP, then comparing this with additional years to show sector expansion/contraction. Data sets tend to be complete, if only on a macro-level. However, the reports are prevented from obtaining the highest score as they do not present comprehensive information on the extractive industries; some key information would have to be extrapolated between different data sets.

References:

Central Bank 2010 AR

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

Score: A B C D E

Comments:

The Annual Reports are, of course, published annually.

The Central Bank primarily publishes information on the indicators discussed in this section in its Annual Reports.

References:

CB website showing AR: <http://www.centralbank.gov.ye/newsletter.aspx?keyid=47&pid=46&lang=1&cattype=6>

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

2.2E.020.a: Reserves

Score: A B C D E

Comments:

The Parliamentary Committee on Development, Oil and Mineral Resources reviews and approves PSAs, they also have the authority to make changes to PSAs and end contracts.

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" and other similar reports on the Committee's website do not include information on reserves.

References:

The Parliamentary Committee on Development, Oil and Mineral Resources' website at <http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>.

2.2E.020.b: Production volumes

Score: A B C D E

Comments:

The reports published on the site were conducted before 2010, but the PSAs do include information on production volumes.

References:

1) Yemen Parliament Committee on Development, Oil and Natural Resources - Report on PSAs between the Ministry of Oil and Minerals and a number of Oil Companies:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>
A number of PSAs are published on the Parliamentary Committee on Development, Oil and Mineral Resources' website at <http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>.

2.2E.020.c: Information on prices

Score: A B C D E

Comments:

1) Price information can be found in the reports published by the Committee, although these are not regularly updated

References:

1) Yemen Parliament Committee on Development, Oil and Natural Resources - Report on PSAs between the Ministry of Oil and Minerals and a number of Oil Companies:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>

2.2E.020.d: Value of resource exports

Score: A B C D E

Comments:

These reports do not detail the total value of resource exports.

References:

A number of PSAs are published on the Parliamentary Committee on Development, Oil and Mineral Resources' website at <http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>.

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

Score: A B C D E

Comments:

These PSAs, including the one linked to above in #2, include information on production costs. The reports published on this site are from before 2010. It includes agreements on investment in exploration and development.

References:

1) A number of PSAs are published on the Parliamentary Committee on Development, Oil and Mineral Resources' website at <http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>.
2) <http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>

2.2E.020.f: Production costs

Score: A B C D E

Comments:

A number of PSAs are published on the Parliamentary Committee on Development, Oil and Mineral Resources' website at <http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>. These PSAs,

including the one linked to above, include information on production costs. The reports published on this site are from before 2010.

References:

<http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206> A particular PSA analysis, the agreements were executed 2003-2005, while the analysis was conducted in 2005-06.

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

Score: A B C D E

Comments:

1) The Parliamentary Committee publishes information on PSAs with various international and national companies. They are explicitly named in its documents. Even though it is not often a company enters/leaves the Yemen oil market, these documents are still historical and one needs outside knowledge to understand which companies still operate.

References:

1) Yemen Parliament Committee on Development, Oil and Natural Resources - Report on PSAs between the Ministry of Oil and Minerals and a number of Oil Companies:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>

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

Score: A B C D E

Comments:

Production data by block is included in the PSA reports, but the reports are from before 2010.

References:

1) Yemen Parliament Committee on Development, Oil and Natural Resources - Report on PSAs between the Ministry of Oil and Minerals and a number of Oil Companies:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>

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

Score: A B C D E

Comments:

This PSA report clearly shows the amount that must be paid annually by the companies for social development. However, the reports are from before 2010.

References:

<http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>

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:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" does not include information on production streams value. First link on this page: <http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>

References:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" - First link on this page: <http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>

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

Score: A B C D E

Comments:

The government's share in the PSC is detailed, but the Committee's reports are from before 2010.

References:

1) Yemen Parliament Committee on Development, Oil and Natural Resources - Report on PSAs between the Ministry of Oil and Minerals and a number of Oil Companies: <http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>

2.2E.020.j3: Royalties

Score: A B C D E

Comments:

1) Royalties information is included in the second table of this report.

References:

1) Yemen Parliament Committee on Development, Oil and Natural Resources - Report on PSAs between the Ministry of Oil and Minerals and a number of Oil Companies: <http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>

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:

1) A PSA that was scrutinized by the Parliamentary Committee of Development, Oil and Natural Resources: <http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>. This source lists the taxes the companies are subject to, but they don't appear to be "special taxes", just usual income taxes, etc.

References:

1) A PSA that was scrutinized by the Parliamentary Committee of Development, Oil and Natural Resources: <http://yemenparliament.gov.ye/committees.php?lng=arabic&id=206>.

2.2E.020.j5: Dividends

Score: A B C D E

Comments:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" does not include information on dividends.

References:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" - First link on this page:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>

2.2E.020.j6: Bonuses

Score: A B C D E

Comments:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" describes a few different "grants", including a compulsory R&D grant from the oil companies to the MOM, as recommended by the Parliamentary Committee. Other types of bonuses, such as signing bonus, are also called "grants". Again, this report was published before 2010.

References:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" First link on this page:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>

2.2E.020.j7: License fees

Score: A B C D E

Comments:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" does not include information on license fees.

References:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies". First link on this page:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>

2.2E.020.j8: Acreage fees

Score: A B C D E

Comments:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" does not include information on acreage fees.

References:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" First link on this page:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>

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

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

Comments:

No additional information of interest.

References:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" - First link on this page:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>

2.2E Quality of reports

2.2E.021: Are periodical reports containing information on revenue generation published by any other government agency or entity understandable?

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

Comments:

The reports by the Parliamentary Committee, such as the "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" do not contain methodology, definitions, etc., but the information is comprehensive and easy to understand.

References:

The "Report of the Development, Oil and Mineral Resources Committee on PSAs between the Ministry of Oil and Minerals and Several Oil Companies" - First link on this page:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>

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:

1) Reports by the Parliamentary Committee on Development, Oil and Mineral Resources are conducted on an as-needed basis, such as to review a PSA. They are not necessarily conducted every year or quarter.

2) However, the Committee is the most active parliamentary committee: Pg. 8. "The competence level of Parliament's Permanent Committees varies from one Committee to the other. Some Committees submit reports on draft laws, loan agreements and treaties they were asked to examine in a timely fashion and thus discussion of these reports in plenary sessions usually takes place as scheduled. Other Committees take longer. Consequently, discussions of these reports do not take place as scheduled and are then rescheduled from one session to another.

Table 3 below shows that the Oil and Development Committee is the most active Permanent Committee in terms of examining draft laws and submitting reports in a timely fashion. Parliament discussed six reports in total prepared by this Committee, some of which were compiled in collaboration with other Permanent Committees. The Finance Committee comes next with three reports submitted during the same period."

References:

1) Parliamentary Committee on Development, Oil and Natural Resources -
<http://yemenparliament.gov.ye/committees.php?lng=arabic&cid=68>

2) "Second Report on the Yemeni Parliament's Performance". Yemen Parliament Watch Project. May - August 2010. http://ypwatch.org/pdf/en/Second_Performance_Report_May-August_Final.pdf

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:

This information is reflected in the Annual Budget for 2009 and the 2011 Economic Units Budget as published by the MOF; it shows and separates out the budgets of the YOGC and PEPA.

References:

MOF Annual Budget 2009 <http://www.mof.gov.ye/files/budget/2009/budget-state2009.pdf> (file too large to attach)

MOF Economic Units Budget 2011 <http://mof.gov.ye/files/budget/2011/>

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:

There is no discrete natural resource fund. This is confirmed by lack of mention in the Annual Budget and in an interview with Fatima Abo-Al-Assrar.

References:

MOF Annual Report 2009

Interview with Fatima Abo-al-Assrar, Economic Attache of the Yemen Embassy. March 22, 2012. Yemen Embassy in Washington, D.C.

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

Score: A B C

Comments:

The above reports show both natural resource monies and non-resource monies in the national budget.

References:

MOF 2011 Q2 Statistical Review (attached)


MOF Annual Budget 2009 <http://www.mof.gov.ye/files/budget/2009/budget-state2009.pdf> (file too large to attach)

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Yemen - RWI Index Questionnaire

Legal Framework and Practices

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Indicator	Score
2.3 Legal Framework and Practices	71 

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:

1) Presidential Decree 27 (1993) stipulates that the MOF Administration of Oil and Mineral Revenues is responsible for collecting taxes and payments from oil and mineral companies.

References:

1) Presidential Decree 27 (1993): http://www.presidentsaleh.gov.ye/showlaws.php?_lwbkno=3&_lwptno=3&_lwnmid=329

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:

All resource revenues are identified and deposited to the national treasury as reflected in reports to the legislature. The funds are then pooled with other revenues from different sectors before distribution according to the national budget.

References:

- 1) Central Bank Annual Report 2010
- 2) MOF - National Statistical Review - 2011
- 3) Yemen EITI Validation Report

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:

1) The AOA Factsheet regarding COCA (the auditing agency that was established with several mechanisms to protect its independence) indicates that: "3. It is not permissible for all COCA employees to practice any work or activities that directly or indirectly affect COCA independence and neutrality in

control and auditing work. In particular , they are forbidden to do the following :-

- o To perform other work in whatever form for a salary or remuneration payable from public money or otherwise. This prohibition does not include contribution in research and training fields provided that permission is obtained from the President.
- o To practice any free profession or do any commercial, industrial or financial work or any other work which conflict with the concept of independence and neutrality of COCA.
- o To buy anything out of public money or to sell or to let anything of their properties or exchange it for something. This prohibition does not apply to deals governed by public rules.
- o To join any political faction or have political shade or participate in the political parties campaigns.
- o To practice any audit or examination of accounts with a view of rendering service to any party, political organization or for any other purposes outside COCA objectives or affecting its independence and neutrality."

However, it is not clear how this is achieved (such as by requiring employees to sign a particular disclosure, etc.)

2) Yemen's Anti-corruption law establishes the National Supreme Anti-Corruption Authority. Although it states in Articles 10 that "members of the board of trustees will submit their financial disclosures to the head committee in the parliament", it does not explicitly state here that this necessarily details their financial interest in any extractive activity or projects. However, Article 17 goes on to say that "Article (17): a. It will not be allowed for the Authority's chairman or members of the board of trustees to assume any other job during their mission in the Authority. b. It will not be allowed for the Authority's staff to assume any job or work that directly or indirectly affects the Authority's autonomy and neutrality". Although financial ties to extractive industries are not explicitly mentioned, it can be argued that this is one type of "job" or "work" that would affect their autonomy and neutrality. The wording "job" or "work", however, potentially leaves open more passive forms of generating income from the extractive industries, such as purchasing stock in a company. Article 30 lists as one of twelve "crimes of corruption" taking advantages from public posts for personal interest or benefit.

3) Fatima Abo-al-Assrar stated in the interview that 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, although she could not name the specific law(s) that mandate this.

References:

- 1) AOA Factsheet
- 2) Yemen Anti-Corruption Law, Articles 10 and 17 (Attached, accessible via <http://www.pogar.org/publications/ac/compendium/yemen/anticorruption/anti-corruption-%20law-06-en.pdf>)
- 3) Interview with Fatima Abo-al-Assrar, Economic and Cultural Attache, Embassy of Yemen to the United States

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:

As to the first part of the question:

Payments from resource companies are audited by two agencies:

1. The General Administration for Oil and Mineral Revenues of the Ministry of Finance; and the
2. Central Organization for Control and Auditing (COCA).

Article 44 of Public Companies and Institutions Law - All financial statements issued by state owned companies must be submitted to the Finance Ministry, National Statistics Authority and the Central Organization for Control and Auditing (COCA) no later than 3 months after the end of the year. The Parliamentary Development Oil and Natural Resources Committee supervises PSCs and the performance of the oil sector.

As to the second part of the question, it appears that these institutions do not have adequate resources relative to the country's aggregate human and financial capital to conduct their mandate.

COCA has a well-developed hierarchy and numerous staff. It has been provided with legal powers that

better enable to fulfill this mandate. However, analysis by <http://www.arpacnetwork.org/arpdocs/DrHamdanPaper.ppt> state COCA suffers from professional limitations that prevent it from fully exercising its mandate. In addition, the second attached report states that as of 2006, "COCA conducts audits of government institutions but the quality of the audits is not yet consistent and audits are not yet carried out in accordance with international standards. The parliamentary Planning Committee does receive audit reports from COCA. However, some of the members of the Committee have voiced concerns on possible interferences from the Executive on the content of the reports."

The third attached report lists a few difficulties in monitoring the regulating the sector: "An important lesson is that the centralized formal authority of the Ministry of Oil and Minerals needs to be accompanied by capacity and political power to ensure quality and strategic supervision of the sector."

References:

- 1) AOA Factsheet
- 2) <http://www.arpacnetwork.org/arpdocs/DrHamdanPaper.ppt>
- 3) Investing in Oil in the Middle East and North Africa. World Bank, Aug. 2007.

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:

- 1) The COCA (auditor) website has links for reports, but these links are empty. There is no indication that COCA actually publishes their audit reports for public perusal.
- 2) No indication is found in the attached factsheet, which describes that reports are submitted to various authorities, but not that they are released to the public:
 - "1. COCA preparing reports on finding results, examining, inspection and survey and making recommendations to the related authorities.
 2. COCA preparing reports on budgets, final accounts, balance sheets of the economic subsidized and cooperative units. Submitted reporting to the concerned bodies including COCA's opinion whether budgets and final accounts express fairly the financial position and turnover results besides other observations.
 3. COCA preparing reports on the performance appraisal results of audited bodies, including proposals, recommendations to solve all shortcomings and what is necessary to follow in future and addressing these reports to the related bodies.
 4. COCA preparing reports on audit results of the final accounts for implementing budgetary of audited bodies and addressing them to the concerned bodies.
 5. COCA preparing an annual report on audit results of the final accounts regarding the public budget and other supplementary and independent budgets. This report submitted to the president of the Republic, parliament, consulting council and providing to the concerned bodies copies of this report during a period not exceeded than three months from receiving the final accounts from the ministry of finance.
 6. COCA preparing a regularly reports on the general results of its audits submitted to the president of the Republic, provided copies to prime minister and parliament.
 7. COCA preparing reports and data according to request of president of the Republic.
 8. According to the circumstances, COCA submitted any reports are important in different areas to the president of the Republic and concerned bodies."
- 3) Although it states it is within their responsibility to regularly report to the President, with copies to

the Parliament, these reports do not appear to be published. The Parliamentary Committee for Development, Oil and Natural Resources ' website does not contain regular COCA reports.

4) Pg. 23: "The Economic Department is responsible for auditing parastatal companies, whether they are wholly state controlled or mixed (joint-stock) enterprises. There are approximately 76 such entities in sectors and areas such as agriculture and irrigation, among others. The Economic Department is responsible for companies in the oil sector and has a specialized oil unit. It also audits banks and is involved in Central Bank audit, as well. As the oil and banking sectors in particular become more complex (e.g., as banks begin to automate) and internationalized, the technical burden on COCA staff increases concomitantly...Oil seems to constitute the single biggest sector when it comes to the financial sums involved in cases. In the case of "big violations," where there is evidence of criminal or other illegal activities, a full report is presented to the audited state actor, which has 30 days to take action, after which time the case is forwarded to the PFP in the Attorney General's Office. Once completed, all COCA reports are sent to the relevant line ministers and the President's Office."

5) The Yemen Post article shows that COCA not only audits SOCs directly but also the MOM. Again, none of these reports show that COCA regularly reports to the legislature (as opposed to the Executive).

6) On page 17 of this report, we can see that yearly reports for 2004-2007 by COCA were on the Parliament's agenda for May-August 2010, but were not actually discussed. In addition, they had submitted "regular reports". This is the only evidence we have that COCA submits regular reports, and these reports are not published.

References:

- 1) COCA website at <http://coca.gov.ye/index.php?lang=2>
- 2) AOA Factsheet on COCA (attached)
- 3) Parliamentary Committee of Development, Oil and Natural Resources website: <http://yemenparliament.gov.ye/committees.php?lng=arabic&pcat=68>
- 4) Yemen Corruption Assessment report. USAID. 2006.
- 5) "COCA Reports Speak of Excessive Expenses by Oil Ministry". Yemen Post. Undated. <http://yemenpost.net/Detail123456789.aspx?ID=3&SubID=739&MainCat=3>
- 6) "Second Report on the Yemeni Parliament's Performance". Yemen Parliament Watch Project. May - August 2010. http://ypwatch.org/pdf/en/Second_Performance_Report_May-August_Final.pdf

2.3.031: Does a Parliamentary committee scrutinize reports on resource related revenues and, if so, when does this occur?

Score: A B C **D** E

Comments:

- 1) The AOA factsheet describes that reports are submitted to various authorities, including the Parliament.
- 2) However, news articles, Parliamentary publications, and other material have not been found to suggest that the Parliament actually reviews the material theoretically provided to them by the auditing agency COCA. For example, no such reports from COCA and accompanying analysis are found on the Parliamentary Committee for Development, Oil and Natural Resources website.
- 3) "The Central Organization for Control and Auditing (COCA), as an anti-corruption watchdog in practice is not an independent body. It is answerable to the president and presents its report to the parliament once a year. It has been monitoring government revenues, spending, procurement and performance. But, its reports are either not taken into account or are being used to blackmail government officials. Despite its comprehensive mandate and wide-range powers, in practice, however, COCA's mandate is too broad for its resources to give it full effect and the real impact of its efforts on government transparency or accountability has not been measured. "

--- "In 2004 The Central Organization for Controlling and Audit COCA documented 68 cases of corruption costing billions of Yemeni Rials in the theft of public funds. The COCA reported that the following institution documented as corrupted authorities, the oil and mineral ministry, the electricity ministry, health, education, vocational training and the ministry for local administration."
- 4) On page 17, one can see that many of the Auditing Authority's regular and annual reports were on the Parliament's agenda, but not actually discussed. Note that the yearly reports were for 2004-2006, and the current year was 2010, so this was more than 2 years later. It is also not clear whether the

reports were ever scrutinized by Parliament after submission.

References:

- 1) AOA Factsheet on COCA
- 2) Parliamentary Development, Oil and Natural Resources Committee:
<http://yemenparliament.gov.ye/committees.php?lng=arabic&pcat=68>
- 3) Report: Legal and Institutional Structure for Fighting Corruption in the Republic of Yemen
- 4) "Second Report on the Yemeni Parliament's Performance". Yemen Parliament Watch Project. May - August 2010. http://ypwatch.org/pdf/en/Second_Performance_Report_May-August_Final.pdf

2.3.032: Is this country an EITI candidate or compliant country?

Score: A B C D E

Comments:

Yemen was initially accepted as a compliant country in 2011, but this status was suspended a few months later, presumably after reflection on the Arab Spring and resulting instability within Yemen. Please see the following quote on the EITI website regarding Yemen's status: "Yemen was accepted by the EITI Board as EITI Compliant on 1 March 2011. The Validation Report is available here. However, the Board agreed to temporarily suspend Yemen from the EITI process on 9 June 2011 citing concerns that it was 'not satisfied that the full and active participation of civil society and other actors in EITI implementation could be maintained'. Yemen has up to 8 June 2012 to apply for its suspension to be lifted, or the Board will consider de-listing. Yemen announced its formal commitment to implement the EITI following a Cabinet Decree in March 2007 and the Ministry of Oil and Minerals has been designated as the focal point for coordinating the implementation of this initiative. Yemen was accepted as an EITI Candidate country on 27 September 2007. On 10 November 2010, Yemen launched its first EITI Report of the payments and revenues of oil covering 2005, 2006 and 2007." The suspension was lifted in 2012 and Yemen is now back to being a compliant country.

References:

- 1) EITI News Brief - published March 02, 2011 - Lists Yemen as reaching "compliant" status
- 2) Validation report submitted by the government of Yemen, compiled by Coffey International - dated January 2011 - This report forms the basis for EITI's rating decision of Yemen
- 3) EITI website, Yemen page: <http://eiti.org/Yemen> - This site explains the current status of Yemen's compliance rating

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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:

Actual implementation of contracting authority vested in MOM is in turn granted to an umbrella organization of SOCs, OGC and, in particular, PEPA: From the US Energy Information Administration's website at <http://205.254.135.7/countries/cab.cfm?fips=YM> : "Yemen's General Corporation for Oil, Gas and Mineral Resources is a loose affiliation of several state-owned subsidiaries including: Yemen Oil Company (YOC), Yemen Refining Company (YRC), Petroleum Exploration and Production Authority (PEPA), Yemen Gas Company (YGC), Oil Products Distribution Company, General Department of Crude Oil Marketing, and Safer E&P Operations Company (Safer). General Corporation for Oil, Gas and Mineral Resources is responsible for managing industry contracts and relations with operators and partners, as well as the government's share of crude exports. All branches report to the Ministry of Oil and Mineral Resources, which is responsible for oil policy. The oil sector is open to private company investment on a production-sharing basis with YOC. Contracts with foreign oil companies, however, require parliamentary approval. "

2) These companies form a large number of the production companies. However, an analysis of the number of companies operating in the country shows that foreign companies in fact are more numerous and have control over most of the production. List of producing and exploration companies: <http://www.pepa.com.ye/Companies/companies.htm>

It is also important to note that the umbrella group YLNG is the primary institution operating in the Liquefied Natural Gas sector. YLNG is comprised of SOCs and of foreign companies.

3) "The Yemen Oil and Gas Company (YOGC) is a state-owned enterprise that intervenes in different stages of the sector value chain through its six affiliates. In particular, the Yemen Company holds production rights [and exploration rights]... the Yemen Gas Company is responsible for the development and utilization of the country's gas reserves, Yemen Oil Company is responsible for engaging government participation in oil-producing joint ventures with international companies, Yemen Petroleum Company is responsible for country-wide distribution of petroleum products [except LNG, and there are two state-owned refineries]."pg. 91

References:

1) "Yemen". US Energy Information Administration's website at <http://205.254.135.7/countries/cab.cfm?fips=YM>

2) PEPA website, List of producing and exploration companies: <http://www.pepa.com.ye/Companies/companies.htm>

3) "Petroleum Exploration and Production Rights". World Bank. 2010. http://books.google.com/books?id=8XwUPWVAI74C&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q=yemen&f=false

3.1.1.034: How is government ownership of resource companies structured in this country?

Score: A B C D E

Comments:

- 1) YOGC is 100% owned by the government. But the government signs PSC with foreign companies as explained below.
- 2) From PEPA website: "Each PSA becomes a law, with key features;
 - State owns its Petroleum Resources and Contractor has title to its Cost Oil and share in Production Sharing Oil.
 - Contractor is granted exclusive rights to conduct Petroleum Operations in the Agreement Area by the Ministry (MOM).
 - Contractor executes Petroleum Operations at its sole risk and cost.
 - Management vested in a Joint Management Committee during exploitation phase (but mainly the Contractor's responsibility during the exploration phase).

Basic Terms;

- Sliding scale royalty, signature and production bonuses.
- Contractor recovers qualifying costs and shares profit oil with Ministry on a sliding scale.
- Contractor share of production is net of taxes."

2) From US Energy Information Administration: "Yemen's General Corporation for Oil, Gas and Mineral Resources is a loose affiliation of several state-owned subsidiaries including: Yemen Oil Company (YOC), Yemen Refining Company (YRC), Petroleum Exploration and Production Authority (PEPA), Yemen Gas Company (YGC), Oil Products Distribution Company, General Department of Crude Oil Marketing, and Safer E&P Operations Company (Safer). General Corporation for Oil, Gas and Mineral Resources is responsible for managing industry contracts and relations with operators and partners, as well as the government's share of crude exports.

All branches report to the Ministry of Oil and Mineral Resources, which is responsible for oil policy. The oil sector is open to private company investment on a production-sharing basis with YOC. Contracts with foreign oil companies, however, require parliamentary approval."

References:

- 1) YOGC website: <http://www.yogc.com.ye/en/view.asp?id=1>
- 2) PEPA website, List of producing and exploration companies: <http://www.pepa.com.ye/Companies/companies.htm>
- 3) "Yemen". US Energy Information Administration's website at <http://205.254.135.7/countries/cab.cfm?fips=YM>

3.1.1.035: Is there more than one state-owned company (SOC) operating in the extractive sector?

Score: (A) B C

Comments:

- 1) From US Energy Information Administration, Feb 15 2012: "Yemen's General Corporation for Oil, Gas and Mineral Resources is a loose affiliation of several state-owned subsidiaries including: Yemen Oil Company (YOC), Yemen Refining Company (YRC), Petroleum Exploration and Production Authority (PEPA), Yemen Gas Company (YGC), Oil Products Distribution Company, General Department of Crude Oil Marketing, and Safer E&P Operations Company (Safer). General Corporation for Oil, Gas and Mineral Resources is responsible for managing industry contracts and relations with operators and partners, as well as the government's share of crude exports. All branches report to the Ministry of Oil and Mineral Resources, which is responsible for oil policy. The oil sector is open to private company investment on a production-sharing basis with YOC. Contracts with foreign oil companies, however, require parliamentary approval. "
- 2) The "Our Unit" page of the YOGC website also lists affiliated companies, identifying them as: "

Aden Refinery Co.(A.R.C).

Aden Refinery Co.(A.R.C) News Center

Yemen Oil Distri. Co. (Y.P.C).

Yemen Inverstment In Oil & Min Co. (Yicom).

Yemen Gas Co. (Y.G.C).

Yemen Oil Ref. Co. (Y.O.R.C).

Oil Training Center (O.T.C). "

3) The YOGC (Yemen's General Corporation for Oil, Gas and Mineral Resources) website lists the following affiliate companies, which were named in the Republican Decree NO (47) for the year 1996 issued on 24/4/1996 (which formed the YOGC): "1. petroleum products distribution company. (YPC)

2. Aden refinery company. (ARC)

3. Yemen gas company. (YGC)

4. Yemen company for oil refinery. (YORC)

5. Yemen company for petroleum and mineral investment. (YICOM)

6. Any other company formed in the future. "

4) The World Bank report describes the major SOCs and their interaction with the MOM, their achievement of state objectives, etc.

References:

- 1) US Energy Information Administration, Yemen Country Analysis Brief, Feb 15 2012. <http://www.eia.gov/cabs/Yemen/pdf.pdf>
- 2) YOGC website, "Our Unit" page:
- 3) YOGC website, "About Us" page: <http://www.yogc.com.ye/en/view.asp?id=1>
- 4) Investing in Oil in the Middle East and North Africa. World Bank, Aug. 2007.

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:

- 1) USAID Report entitled "Enhancing Government Effectiveness in Yemen", pg. 13: "Non-financial public institutions carry out significant quasi-fiscal activities, most notably the fuel subsidies. There is no centralized reporting of the cost of these quasi-fiscal activities."
- 2 and 3) Yemen LNG is a consortium of Yemeni and international institutions, including the General Authority for Social Security & Pensions (GASSP) of Yemen (which owns 5% share). The SOC Safer Exploration and Production provides Yemen LNG with gas.
- 4) This report published on the YOGC website shows on page 70 government subsidies applied to products, training of government employees, etc.
- 5) YLNG publishes a section of its website devoted to CSR which includes information on training and education of Yemeni employees to increase "Yeminsation" of the company (a government-driven policy that exceeds what would have been done if the company was run on a purely commercial basis).

References:

- 1) USAID Report entitled "Enhancing Government Effectiveness in Yemen", pg. 13.
- 2) <http://uk.reuters.com/article/2007/10/29/yemen-gas-supply-idUKL2966975420071029> "Yemen Safer to conclude LNG gas deal end Nov - exec". Reuters, Oct 29 2007.
- 3) <http://www.ogj.com/articles/2009/10/yemen-lng-yields-first.html> "Yemen LNG yields first production

into glutted market" Oil and Gas Journal. Oct 15 2009.

4) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:






<http://www.yogc.com.ye/download/allen.pdf> File too large to upload.

5) YLNG websites, including the subsections for CSR at: http://www.yemenlng.com/ws/en/go.aspx?c=soc_overview and for Yemenisation at: http://www.yemenlng.com/ws/en/go.aspx?c=soc_yemenisation

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Indicator		Score	
3.2.1	Comprehensive reports	67	
3.2.2.038	Does the SOC publish information on revenue generation?	41	
3.2.3.038.j	Disaggregated Revenue Streams	21	
3.2.4	Quality of reports	75	
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:

1) Oil, Gas and Minerals Statistics 2008 - Contains data on revenue, taxes paid and net income, including for oil: net oil production by bloc; government share of production and exports; total revenue, volume and monthly price average of government exports; total sales from refineries and amount delivered to them; domestic consumption information, including sales. There is also a breakdown of gas revenues and information on mineral reserves. However, there is no cash flow statement included (i.e. balance sheet and profit and loss statements).

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

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:

1) Oil, Gas and Minerals Statistics 2008 - Contains data on on mineral reserves starting on page 86. There do not appear to be untouched reserves for gas, as these are not mentioned as such in the report. The first table on page 32 of the report shows "YOGC share per month of the oil saved (2008) Bbls", which seems to indicate there are reserves of oil and the government receives a corresponding share of those.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

3.2.2.038.b: Production volumes

Score: A B C D E

Comments:

1) Oil, Gas and Minerals Statistics 2008 - Contains data on net oil production volume by bloc; government share of production and exports; total revenue, volume and monthly price average of government exports; domestic consumption information, including purchased volumes, etc. There is also a breakdown of gas volumes on page 80 and the estimated volume of mineral reserves from page 86-88. The YOGC website links only to the Statistical Report for 2008, not for more current reports.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

3.2.2.038.c: Information on prices

Score: A B C D E

Comments:

1) Oil, Gas and Minerals Statistics 2008 - Contains data on government share of production and exports; total revenue, volume and monthly price average of government exports; total sales from refineries and amount delivered to them; domestic consumption information, including sales. Statistical reports for years after 2008 are not linked to on the YOGC website.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

3.2.2.038.d: Value of resource exports

Score: A B C D E

Comments:

1) Oil, Gas and Minerals Statistics 2008 - Contains data on government share of production and exports; total revenue, volume and monthly price average of government exports, etc. There is also a breakdown of gas volumes on page 80 and the estimated volume of mineral reserves from page 86-88. The YOGC website links only to the Statistical Report for 2008, not for more current reports. Sales of gas are mentioned, but it is not clear from the report itself whether this combines both domestic sales and exports.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

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

1) Oil, Gas and Minerals Statistics 2008 - Contains data on exploration blocs, including wells drilled in exploratory blocs and on pages 15-18, a list of each exploration bloc and the percentage share the SOC has in that bloc. The YOGC website links only to the Statistical Report for 2008, not for more current reports. However, the financial amount of investment is not stated here.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

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

1) This information is not contained in the report.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

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

1) The YOGC's bloc-sharing page lists those blocs where the SOCs have a percentage share in oil producing blocs. The percentage share for YOGC/affiliates is listed, along with the main operator of the bloc. The first list shown on the page appears to be current (this has been cross-referenced against non-SOC publications to verify and few new blocs have been opened in the past few years), while the second table on the bottom half of the page lists their participation/shares in production blocs up to the first half of 2006.

2) The "Our Unit" page of the YOGC website also lists affiliated companies, identifying them as: "
Aden Refinery Co.(A.R.C).

Aden Refinery Co.(A.R.C) News Center

Yemen Oil Distri. Co. (Y.P.C).

Yemen Inverstment In Oil & Min Co. (Yicom).

Yemen Gas Co. (Y.G.C).

Yemen Oil Ref. Co. (Y.O.R.C).

Oil Training Center (O.T.C). "

3) The YOGC (Yemen's General Corporation for Oil, Gas and Mineral Resources) website, "About us" page lists the following affiliate companies, which were named in the Republican Decree NO (47) for the year 1996 issued on 24/4/1996 (which formed the YOGC): "1. petroleum products distribution company. (YPC)

2. Aden refinery company. (ARC)

3. Yemen gas company. (YGC)

4. Yemen company for oil refinery. (YORC)

5. Yemen company for petroleum and mineral investment. (YICOM)

6. Any other company formed in the future. "

References:

1) YOGC website, sharing blocs page: <http://www.yogc.com.ye/en/view.asp?ID=71>

2) YOGC website, "Our Unit" page: <http://www.yogc.com.ye/en/view.asp?id=2>

3) YOGC website, "About Us" page: <http://www.yogc.com.ye/en/view.asp?id=1>

3.2.2.038.h: Production data by company and/or block

Score: A B C D E

Comments:

1) Oil, Gas and Minerals Statistics 2008 - Much of the information contained in this report is broken down by block, including production data, such as net oil production by block (pg. 29). This report also shows the companies involved in operating each block and their relative share. The YOGC website links only to the 2008 Statistical Report.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:

<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

3.2.2.038.i: Quasi fiscal activities

Score: A B C D E

Comments:

1) This report published on the YOGC website shows on page 70 government subsidies applied to products, training of government employees, etc.

2) YLNG publishes a section of its website devoted to CSR which includes information on training and education of Yemeni employees to increase "Yeminsation" of the company (a government-driven policy that exceeds what would have been done if the company was run on a purely commercial basis).

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:

<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

2) YLNG websites, including the subsections for CSR at: http://www.yemenlng.com/ws/en/go.aspx?c=soc_overview and for Yemenisation at: http://www.yemenlng.com/ws/en/go.aspx?c=soc_yemenisation

Although it is unclear whether the information contained on these websites is truly up-to-date, I have categorized this as current-year because the website is copyright 2012.

3.2.3.038.j Disaggregated Revenue Streams

3.2.3.038.j1: Production streams value

Score: A B C D E

Comments:

1) Oil, Gas and Minerals Statistics 2008 - Contains various types of data on production streams value, including: royalties; government share of production and exports; total revenue, volume and monthly price average of government exports; total sales from refineries and amount delivered to them; domestic consumption information, including sales.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

3.2.3.038.j2: Government s share in PSC

Score: A B C D E

Comments:

1) The YOGC's bloc-sharing page lists those blocs where the SOCs have a percentage share in oil producing blocs. The percentage share for YOGC/affiliates is listed, along with the main operator of the bloc. The first list shown on the page appears to be current (this has been cross-referenced against non-SOC publications to verify and few new blocs have been opened in the past few years), while the second table on the bottom half of the page lists their participation/shares in production blocs up to the first half of 2006.

2) The same information is contained on the production bloc map page of the website:
<http://www.yogc.com.ye/en/view.asp?ID=6>

References:

1) YOGC site, production bloc page - <http://www.yogc.com.ye/en/view.asp?ID=71>
2) YOGC site, production bloc map page - <http://www.yogc.com.ye/en/view.asp?ID=6>

3.2.3.038.j3: Royalties

Score: A B C D E

Comments:

1) Oil, Gas and Minerals Statistics 2008- Volume royalties for oil is shown on pages 31 and on 32. Royalties not mentioned for gas and minerals. On page 34 there is a table called "Volume Cost Oil Per Month", with a summation column titled "Monthly Cost Oil per Field". The YOGC website links only to the 2008 statistical report.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

3.2.3.038.j4: Special taxes**Score:** A B C D E**Comments:**

1) No additional special taxes are shown in the 2008 statistical report, which is the only report linked to on the YOGC website.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

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

1) Dividends are not mentioned in the report. This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

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

1) Bonuses are not mentioned in the report. This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

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

1) License fees are not mentioned in the report. This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above

information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

3.2.3.038.j8: Acreage fees

Score: A B C D E

Comments:

1) Acreage fees not mentioned in the report. This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website: <http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

3.2.3.038.j9: Other (Describe below)

Score: A B C D E

Comments:

1) Oil, Gas and Minerals Statistics 2008 - This report does not contain more information than what has already been described.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website: <http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

3.2.4 Quality of reports

3.2.4.039: Are the reports published by the state owned company understandable?

Score: A B C D E

Comments:

1) The report contains a large number of tables with poor English translation and lack of narrative with definitions that at times obscures an assured understanding of the information. However, much of the information is still understandable. The tables group information in a logical way, and information is generally comprehensive, particularly for oil (gas and minerals are treated more briefly). The report is quite long and contains a large amount of information on production and exploration, shares, prices, volumes, domestic and international sales, etc. There is no methodology section. This report is readily available online through the YOGC and MOM websites.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website: <http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

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:

1) The SOC (as indicated by YOGC) appears to publish information rarely, although it may have made an effort to produce a comprehensive statistical report yearly. The website contains an empty link to the 2006 statistical report and a working link to the 2008 report. Since the report is on a year-basis, it seems they would be published annually, but no other reports/links are available on the website.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.

3.2.4.041: If the SOC is involved with quasi fiscal activities, does it publish information about them?

Score: A B C

Comments:

1) This report published on the YOGC website shows on page 70 government subsidies applied to products, training of government employees, etc.
2) YLNG publishes a section of its website devoted to CSR which includes information on training and education of Yemeni employees to increase "Yeminsation" of the company (a government-driven policy that exceeds what would have been done if the company was run on a purely commercial basis).

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.
2) YLNG websites, including the subsections for CSR at: http://www.yemenlng.com/ws/en/go.aspx?c=soc_overview and for Yemenisation at: http://www.yemenlng.com/ws/en/go.aspx?c=soc_yemenisation

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:

1 and 2) The SOC publishes information on its share of revenues deriving from its equity participation in joint ventures, as evidence by the above two resources.

References:

1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.
2) YOGC Sharing Blocks Map: <http://www.yogc.com.ye/en/view.asp?id=6>

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:

- 1) While the law that established the YOGC gives it status as the auditor of the SOCs, there is not enough information published online about whether the YOGC audits the SOCs annually by reviewing the financial statements. Furthermore, the YOGC reports to the MOM and cannot be considered truly "independent".
- 2) Hart Nurse Ltd and Vision Consulting Ltd conducted an audit of all extractive sector companies, including SOCs, for Yemen's EITI Validation Report. Please read pages 15-16, and in particular note that: "All of the ten private oil companies reporting under EITI were subject to audit in accordance with International Standards on Auditing (ISA) prior to the implementation of EITI and were considered to be conversant with International Financial Reporting Standards (IFRS) and ISA-compliant audits on those statements as a result of their international nature. As such the Council considered that revisions to Yemen legislation or auditing standards requiring the companies to comply with international auditing standards were not warranted. Of the two public enterprises that make payments to the government in Yemen, Safer E&P was audited by a private audit firm that applies ISA. Yemen Company for Investment in Oil and Minerals (YICOM) is audited by the Supreme Audit Institution (SAI) in Yemen, the Central Organization for Control and Auditing, COCA."
- 3) Pg. 23: "COCA is responsible for auditing extractive SOCs: "The Economic Department is responsible for auditing parastatal companies, whether they are wholly state controlled or mixed (joint-stock) enterprises."

References:

- 1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.
 - 2) Validation Report for Yemen's EITI Status - Jan 2011.
 - 3) Yemen Corruption Assessment. USAID. 2006.
-

3.2.5.043.b: Are SOC audited reports published?

Score: A B C D E

Comments:

- 1) While the law that established the YOGC gives it status as the auditor of the SOCs, there is not enough information published online about whether the YOGC audits the SOCs annually by reviewing the financial statements. Furthermore, the YOGC reports to the MOM and cannot be considered truly "independent".
- 2) However, the EITI Validation Committee did conduct an audit of SOCs (and other companies) and published their findings in the attached report. Presumably this audit would occur regularly in order to maintain the country's EITI status.. As no tenders have been found for a subsequent round of auditing, it appears there will be at least a one-year delay, likely more.


References:

- 1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website:
<http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.
- 2) Yemen Validation Report for EITI - January 2011

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Indicator	Score
3.3.1 Legal Framework and Practice	33 

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:

1) Legal financial obligations are vague. According to Republican Decree No. (47) for the year 1996 issued on 24/4/1996, Chapter 2, Article 4, the YOGC must undertake the following activities related to financial reporting and monitoring: "Supervision of its affiliate companies, management and control of their technical and financial performance"; "Propose measures and standards for oil and gas industry and monitor abundance thereby"; "Follow-up and study modern methods for management and techniques of work in its field of activity to improve its performance and raise the economic and technical efficiency"; "Coordination between its companies to ensure technical- economic integrity of its activities". While these activities would seem to dictate the necessity of publishing financial reports, the law does not explicitly state that such reports must be created, let alone published and made available within the public domain. Furthermore, the SOC websites do not contain all financial reports for all fiscal years, as one would expect if this were a legal requirement.

References:

1) Decree No. (47) for the year 1996 issued on 24/4/1996, Chapter 2, Article 4, as outlined on the YOGC website at: <http://www.yogc.com.ye/en/view.asp?id=1>

3.3.1.045: Does the SOC follow internationally recognized accounting standards?

Score: A B C

Comments:

1) While the law that established the YOGC gives it status as the auditor of the SOCs, there is not enough information published online about whether the YOGC audits the SOCs annually by reviewing the financial statements. Furthermore, the YOGC reports to the MOM and cannot be considered truly "independent".

2) Hart Nurse Ltd and Vision Consulting Ltd conducted an audit of all extractive sector companies, including SOCs, for Yemen's EITI Validation Report. Please read pages 15-16, and in particular note that: "All of the ten private oil companies reporting under EITI were subject to audit in accordance with International Standards on Auditing (ISA) prior to the implementation of EITI and were considered to be conversant with International Financial Reporting Standards (IFRS) and ISA-compliant audits on those statements as a result of their international nature. As such the Council considered that revisions to Yemen legislation or auditing standards requiring the companies to comply with international auditing standards were not warranted. Of the two public enterprises that make payments to the government in Yemen, Safer E&P was audited by a private audit firm that applies ISA. Yemen Company for Investment in Oil and Minerals (YICOM) is audited by the Supreme Audit Institution (SAI) in Yemen, the Central Organization for Control and Auditing, COCA." In addition: "COCA confirmed that they performed their audits in accordance with international standards, including International Organisation of Supreme Audit Institutions (INTOSAI) standards and ISA, though they did not present sufficient evidence to

demonstrate this. Validators requested COCA documentation to support this assertion, including a copy of the organisation's Audit Manual, Annual Audit Plan and Revenue Audit Test Programmes. COCA representatives agreed to provide these documents to the Validators, but these have not been received to date. While the government reporting bodies confirmed that they were audited by COCA in 2005, 2006 and 2007, they were unable to confirm whether the audits were comprehensive, and lacked the technical knowledge to confirm whether they were in accordance with international standards.

A doubt over the reliability of government reports was raised by the Reconciler, who observed that the quality of information supplied by companies was more accurate and comprehensive than that submitted by government bodies. This may be an indication that the underlying figures had not been scrutinised by auditors, but equally could be a symptom of inaccurate or incomplete completion of reporting templates from the underlying data."

3) Pg. 23: "COCA is responsible for auditing extractive SOCs: "The Economic Department is responsible for auditing parastatal companies, whether they are wholly state controlled or mixed (joint-stock) enterprises." This could be an indication that companies would need to follow internally-recognized auditing standards, as a national-level institution would ensure their compliance to these standards, although source 2 above casts doubt on this.

Ultimately, the researcher have scored this as a Yes, because the companies provided all information to the EITI auditors and this auditing was done according to international standards.

References:

- 1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website: <http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload
- 2) Validation Report for Yemen's EITI Status - Jan 2011.
- 3) Yemen Corruption Assessment. USAID. 2006.

3.3.1.046: Do SOC audits include consolidated accounts that cover all of the SOC subsidiaries?

Score: A B C

Comments:

The EITI audit included all SOC subsidiaries.

2) Hart Nurse Ltd and Vision Consulting Ltd conducted an audit of all extractive sector companies, including SOCs, for Yemen's EITI Validation Report. Please read pages 15-16, and in particular note that: "All of the ten private oil companies reporting under EITI were subject to audit in accordance with International Standards on Auditing (ISA) prior to the implementation of EITI and were considered to be conversant with International Financial Reporting Standards (IFRS) and ISA-compliant audits on those statements as a result of their international nature. As such the Council considered that revisions to Yemen legislation or auditing standards requiring the companies to comply with international auditing standards were not warranted. Of the two public enterprises that make payments to the government in Yemen, Safer E&P was audited by a private audit firm that applies ISA. Yemen Company for Investment in Oil and Minerals (YICOM) is audited by the Supreme Audit Institution (SAI) in Yemen, the Central Organization for Control and Auditing, COCA."

3) Pg. 23: "COCA is responsible for auditing extractive SOCs: "The Economic Department is responsible for auditing parastatal companies, whether they are wholly state controlled or mixed (joint-stock) enterprises."

References:

- 1) Oil, Gas and Minerals Statistics 2008, as found on the YOGC website: <http://www.yogc.com.ye/download/allen.pdf> This is the only such report containing the above information published on the YOGC website, although there is an empty link for the 2006 report. File too large to upload.
- 2) Validation Report for Yemen's EITI Status - Jan 2011.
- 3) Yemen Corruption Assessment. USAID. 2006.

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:

1) Republican Decree No. (47) for the year 1996 issued on 24/4/1996, Chapter 2, Article 4, as outlined on the YOGC website at: <http://www.yogc.com.ye/en/view.asp?id=1> This law establishing the formation of the YOGC as an umbrella organization and monitoring body over the SOCs in Yemen does not state that officials of the SOCs are required to disclose information about their financial interest in any oil, gas or mining projects. Monitoring responsibilities focus on company and economy-wide levels. It does not mention audits of individual involvement in the companies.

No other information can be found that would suggest officials of the SOC are required to disclose information about their financial interest in any oil, gas or mining projects.

References:

1) Republican Decree No. (47) for the year 1996 issued on 24/4/1996, Chapter 2, Article 4, as outlined on the YOGC website at: <http://www.yogc.com.ye/en/view.asp?id=1>

3.3.1.048: Does the SOC publish information on the composition of its Board of Directors?

Score: A (B) C

Comments:

- 1) The Board of Directors for each affiliate company is not listed on the YOGC website.
- 2) The Board of Directors for the SOC YICOM is not listed on its website; it provides only the name of its General Manager.
- 3) Aden Refinery Company does not publish this information either, and does not even publish the name of its manager.
- 4) Yemen Petroleum Company lists the names of its Senior Executive Directors but this is generally different than the Board, and these ED's have functional area responsibilities. The Board is not mentioned.
- 5) Yemen Gas Company does not list this information on its website.

References:

- 1) YOGC website: yogc.com.ye
 - 2) YICOM website, Manager page: <http://www.yicom.net/gm-msg.html>
 - 3) Aden Refinery Company website, Manager page: <http://www.arc-ye.com/ahmaster.aspx?id=63>
 - 4) Yemen Petroleum Company Executive Directors site: <http://www.ypcye.com/english/leadership-en/index.php>
 - 5) Yemen Gas Company website, About the Company page: <http://www.yemengasco.com/content.php?id=10>
-

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:

The websites listed above do not publish any information about their Boards, including about their decision-making processes.

References:

- 1) YOGC website: yogc.com.ye

- 2) YICOM website, Manager page: <http://www.yicom.net/gm-msg.html>
- 3) Aden Refinery Company website, Manager page: <http://www.arc-ye.com/ahmaster.aspx?id=63>
- 4) Yemen Petroleum Company Executive Directors site: <http://www.ypcye.com/english/leadership-en/index.php>
- 5) Yemen Gas Company website, About the Company page: <http://www.yemengasco.com/content.php?id=10>

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