

ANNUAL REPORT 2018

OIL, GAS AND MINING SECTORS



IEITI
مبادرة الصناعة والاسخنة في العراق

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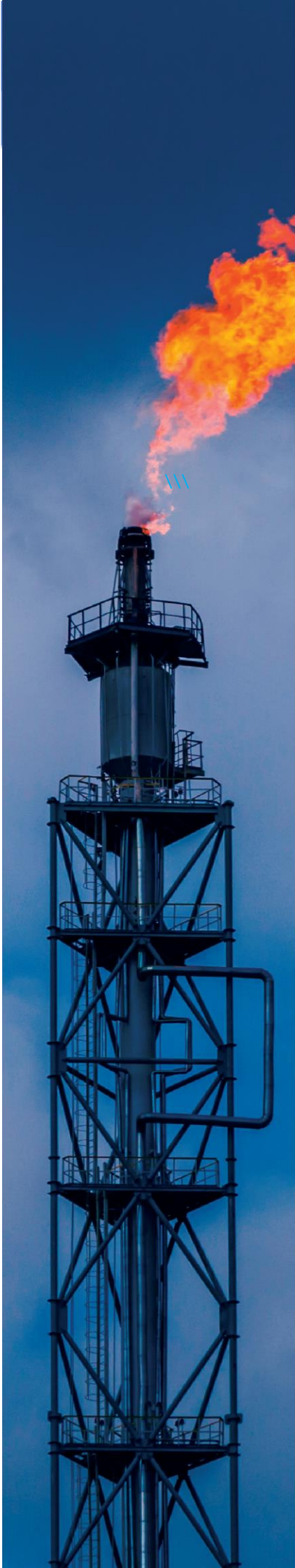


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List of Terms and Abbreviations

API	The American Petroleum Institute gravity measure which indicates the specific gravity of oil at 60 degree Fahrenheit.
Barrel	A quantity consisting of forty two (42) United States Gallons under a pressure of 14.7 pound per square inch and a temperature of sixty (60) degrees Fahrenheit.
BCM	Billion Cubic Meter.
FBSA	Federal Board of Supreme Audit.
Calendar Month / Month	In respect of any month in a calendar year, a period commencing on the first day of that month and ending on the last day of the same month.
Calendar Year / Year	A period of twelve (12) consecutive months commencing with the first day of January and ending with the last day of December, according to the Gregorian Calendar.
Crude Oil	All hydrocarbons regardless of gravity which are produced and saved from the Contract Area in the liquid state at an absolute pressure of fourteen decimal seven (14.7) pounds per square inch and a temperature of sixty (60) degrees Fahrenheit, including asphalt, tar and the liquid hydrocarbons known as distillates or condensates obtained from natural gas at facilities within the field other than a gas plant.
CBI	Central Bank of Iraq.
CTI	Corporate Income Tax.
Destination	The place to which oil is shipped or directed.
DFI	Development Fund for Iraq.
Dinar or Iraqi Dinar or IQ	The currency of the Republic of Iraq.
Dollar or USD	Dollar of the United States of America.
Due date	The date on which an obligation must be repaid.
Export Oil	A standard blend of crude oil of nearest quality to the crude oil stream produced from the field, out of which a contractor may lift at the delivery point for the value of its due service fees under the contract.
Export Oil Price	The price per barrel of export oil that is free on board (FOB) at the delivery point.
FRBNY	Federal Reserve Bank of New York.
GCT	General Commission for Taxes.
GDP	Gross domestic product.
Government or GoI	The Government of the Republic of Iraq.
IAMB	International Advisory Monitoring Board.
IEITI	Iraqi Extractive Industries Transparency Initiative.
Internal consumption	Oil used for domestic purposes.
IOCs	International oil companies (international field development oil companies).
INOC	Iraq National Oil Company.

List of Terms and Abbreviations (Cont.)

KRG	Kurdistan Regional Government.
LC	Letter of credit.
Loading Date	The date of flanges of the relevant offshore loading terminal(s) in Iraqi and Turkish seaports where a contractor may lift export oil.
LPG	Liquid petroleum gas.
MoIM	Ministry of Industry and Minerals of the Republic of Iraq.
MdOC	Midland Oil Company of the Republic of Iraq.
MdR	Midland Refineries Company.
MNR	Ministry of Natural Resources (KRG).
MOC	Missan Oil Company of the Republic of Iraq.
MoF	Ministry of Finance of the Republic of Iraq.
MoO	Ministry of Oil of the Republic of Iraq.
NA	Not Available.
N/A	Not Applicable.
NOC	North Oil Company of the Republic of Iraq.
NR	North Refineries Company.
OPRA	Oil Proceeds Receipt Account.
PCLD	Petroleum Contracts and Licensing Directorate of MoO.
Production Measurement Point / PMP	The point within the field as agreed by the parties, where the volume and quality of crude oil produced and saved from the field is measured.
RFB	Remuneration fees per barrel.
Signature Bonus	The payment of a fee by an IOC to a host government, upon signing a concession license agreement (or technical service contract) with a national oil company or local oil company.
SOC	South Oil Company of the Republic of Iraq.
BOC	Basra Oil Company of the Republic of Iraq.
SR	South Refineries Company.
TQOC	Thi Qar Oil Company of the Republic of Iraq.
SOMO	Iraq Oil Marketing Company. An Iraqi entity established under and governed by the laws of Iraq, and having monopoly on oil exports.
Tax Year	The period of twelve (12) consecutive months according to the Gregorian Calendar for which tax returns or reports are required according to any applicable tax laws and regulations in Iraq.
TPAO	Turkiye Petrolleri Anonim Ortakligi.
BP	British Petroleum.
MMSCF	Million Metric Standards Cubic Feet.
MMSCFD	Million Metric Standards Cubic Feet a Day.
IA	Independent Administrator.

Executive Summary

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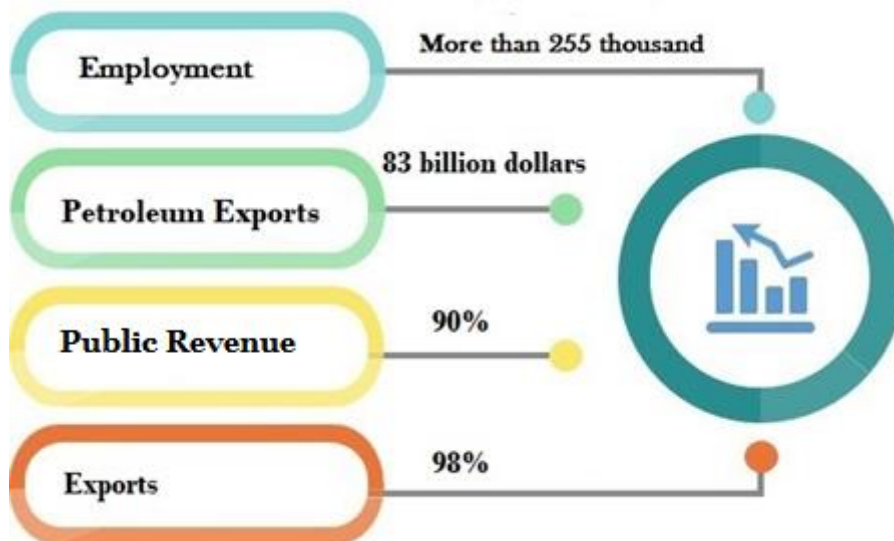
The extractive sector is one of the pillars of the economy in the Republic of Iraq, as it contributes to activating most aspects of life, in terms of trying to provide prosperity to citizens and develop their capabilities.

Among the most important objectives of the Extractive Industries Transparency Commission (Transparency Commission) is to shed light on the extractive sector, and to show the extent of transparency of its disclosures, which leads to public debate between citizens and those in charge of this sector.

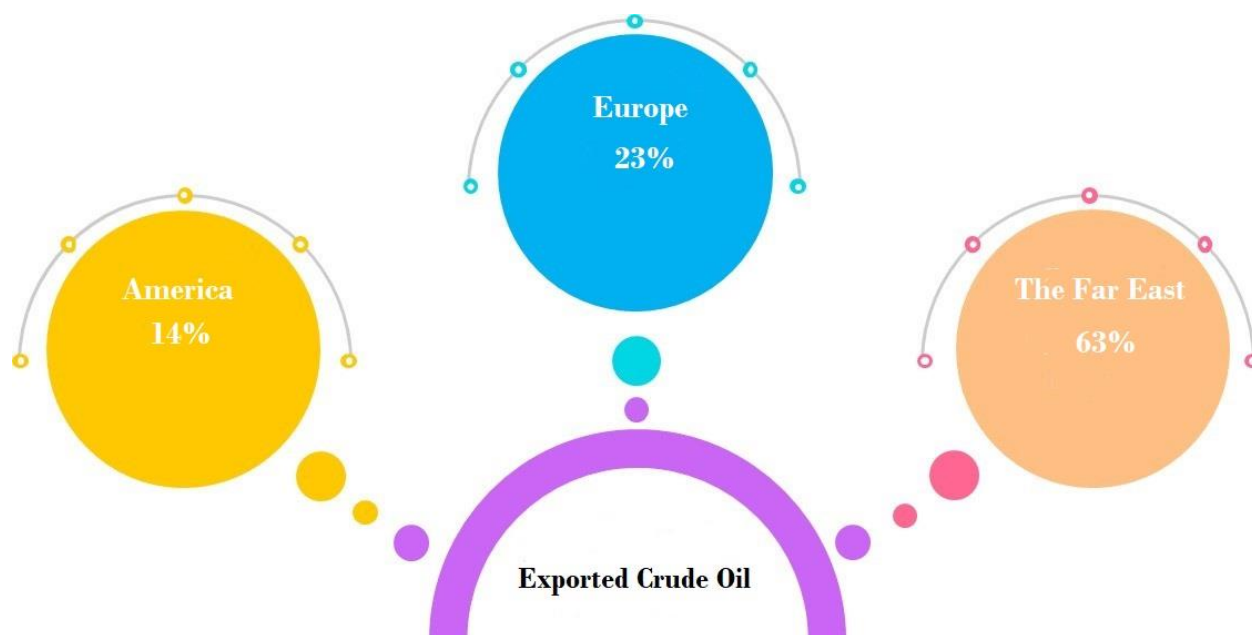
The Transparency Commission has issued several reports in the past in this regard, as the current report for the year 2018 is the tenth, and we have accumulated vast experiences within the formations of the Transparency Commission from the MSG and the National Secretariat as it always seeks to communicate the extractive sector information to citizens in a transparent, professional and neutral manner.

The reports comprises of several illustrative sub-files which can be found on Commission's 2018 report page at the following link (<http://ieiti.org.iq/ar/details/1223/year-2018>), which can also be followed by going to the main IEITI website (www.ieiti.org.iq) – Reports and Publications – Annual Report – Year 2018.

The following figure sums up some of the Iraq's Extractive Sector contributions in 2018:



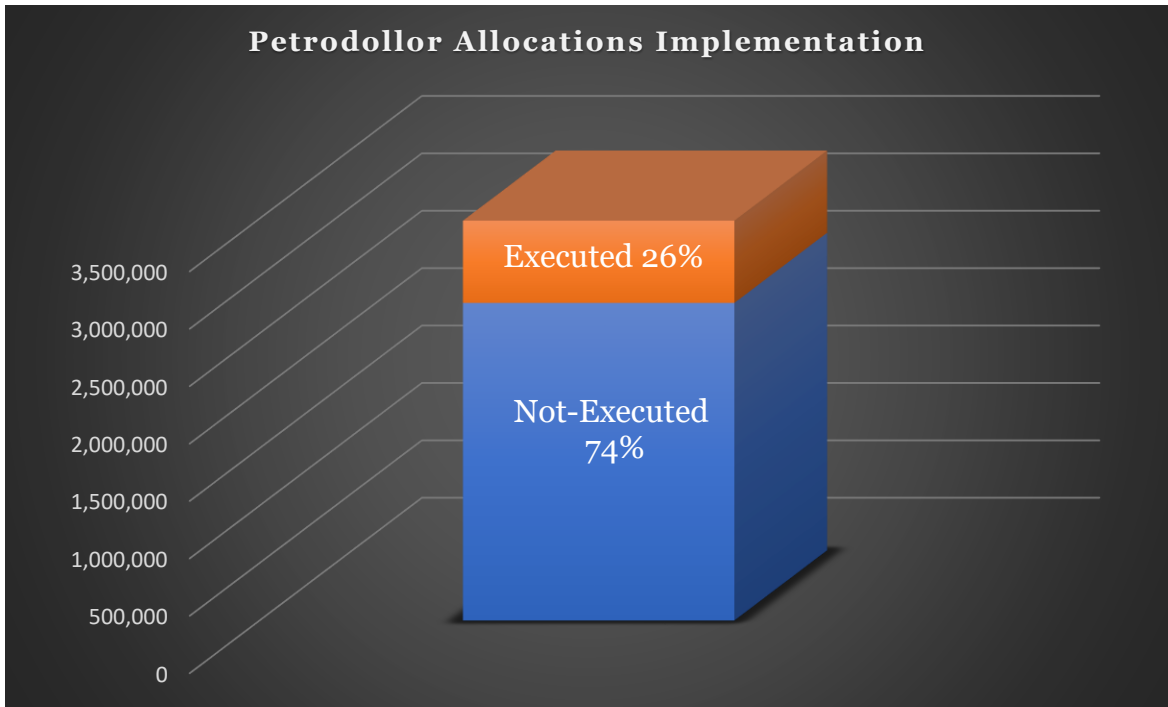
East-Asia (Far East) Market is one of the important markets for exporting Iraqi Crude Oil, as 63% of total exports goes to this market and as follow:



Petrodollar allocations are calculated based on 5% of the revenues of crude oil produced in the governorate, 5% of the revenues of refined crude oil in the governorate's refineries, or 5% of the revenues of natural gas produced in the concerned governorate.

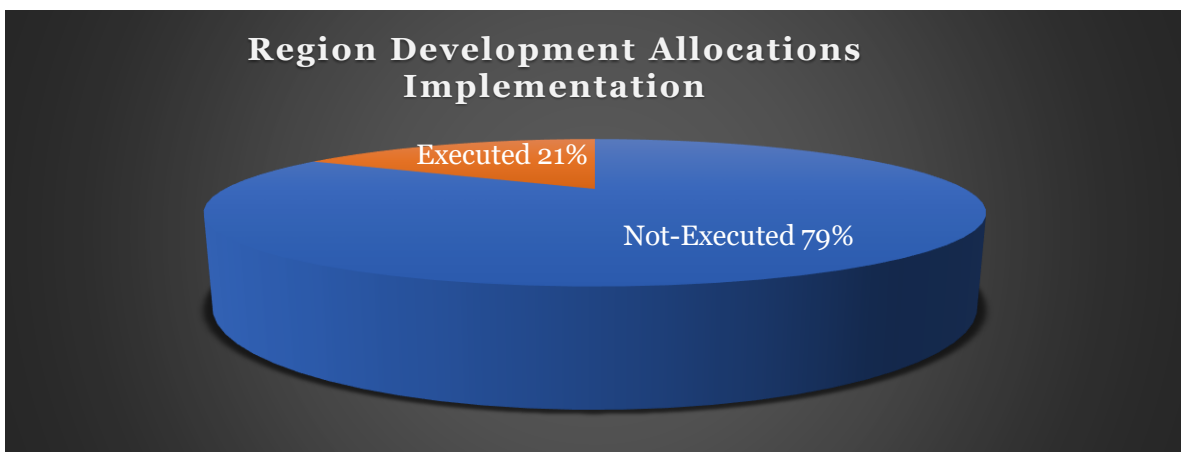
The following table shows what was allocated and dispensed through 2015 to 2018:

Year	Amount allocated in the Investment Budget (Reviewed)		Actual amount transferred		Non-Transferred balance		Actual executing percentage
	Million IQDs	Counter Value in USD	Million IQDs	Counter Value in USD	Million IQDs	Counter Value in USD	
2015	1,290,381	1,091,692,893	0	0	1,290,381	1,091,692,893	0%
2016	889,158	752,248,731	138,825	117,449,239	750,333	634,799,492	16%
2017	122,628	103,746,193	174,560	147,681,895	(51,932)	(43,935,702)	142%
2018	464,493	392,972,081	403,235	341,146,362	61,258	51,825,719	87%
	2,766,660	2,340,659,898	716,620	606,277,496	2,050,040	1,734,382,403	26%



In addition, revenues of the extractive sector also fund General Budget that fund Region Development Allocations, as we analyzed such amounts starting as of 2015 through 2018 and as follows:

Year	Amount allocated in the Investment Budget (Audited)		Actual amount transferred		Non-Transferred balance		Actual executing percentage
	Million IQDs	Counter Value in USD	Million IQDs	Counter Value in USD	Million IQDs	Counter Value in USD	
2015	3,495,774	2,957,507,614	0	0	3,495,774	2,957,507,614	0%
2016	1,129,375	955,478,003	401,571	339,738,579	727,804	615,739,425	36%
2017	1,005,223	850,442,470	547,109	462,867,174	458,114	387,575,296	54%
2018	1,582,328	1,338,686,971	533,486	451,341,794	1,048,842	887,345,178	34%
	7,212,700	6,102,115,059	1,482,166	1,253,947,547	5,730,534	4,848,167,513	21%



As shown above, through the years 2015 -2018, the actual implementation percentage for petrodollar was 26% while for region development was 21%.

1

Exploration and Production

Requirement 3 of the EITI Standards

Exploration and Production

1-1 Exploration

The oil and gas sector in Iraq

There are five national oil companies operating in the exploration and upstream sector of oil and gas in Iraq (Extractive Sector); North Oil Company, Midland Oil Company, Missan Oil Company, Thi Qar Oil Company, and Basra Oil Company. These national oil companies have responsibility for the development of oil and gas fields in the provinces in which they operate. Of the fields within each company's territory, some are operated by the national oil companies independently, while others are operated by international oil companies under licensing rounds service contract.

The following tables present the producing and non-producing oil and gas fields operated by the national and international oil companies under license round contracts.

Company name	Producing Oil Fields		Non-producing fields	
	Fields operated by NOCs	Fields operated by IOCs	Fields operated by NOCs	Fields operated by IOCs
	Gas Fields			
North Oil Company	None	None	1- Khanuqah 2- Khashab	None
	Oil Fields			
	1- Kirkuk* 2- Bai Hassan 3- Jambur 4- Sufaiya** 5- Khabaz 6- Ajil + Himrin 7- Ain Zalah + Butmah	Al-Qaiyarah	1- Jawan 2- Ismail 3- Qasab 4- Makhmur 5- Judaida 6- Alan 7- Sasan 8- Qara Chauq 9- Pulkhana 10- Ibrahim	Najmah

* The northwest Avana station (Gistan) is under the control of the Kurdistan Regional Government

** Sufaiya field is under the control of the Kurdistan Regional Government

Company name	Producing fields		Non-producing fields	
	Fields operated by NOCs	Fields operated by IOCs	Fields operated by NOCs	Fields operated by IOCs
	Gas Fields			
Midland Oil Company	None	None	Jaria Pika	1- Akkas 2- Mansuriya
	Oil Fields			

	Naft Khana	1- Ahdeb 2- Badra 3- Sharqi Baghdad	1- Nahrawan 2- Khashim Al-Ahmar 3- Injana 4- Gilabat 5- Tel Ghazal 6- Nau Doman 7- Qumar 8- Dhufriya 9- Merjan 10- Kifl 11- West Kifl	None
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Company name	Producing fields		Non-producing fields	
	Fields operated by NOCs	Fields operated by IOCs	Fields operated by NOCs	Fields operated by IOCs
Missan Oil Company	Gas Fields			
	None	None	None	None
	Oil Fields			
	1- Amara 2- Noor	1- Helfaya 2- Missan fields (Buzurgan, Al-Fakkah, Abu Ghirab)	1- Kumait 2- Dujaila 3- Rifaee 4- Huwaiza 5- Dima	None

Company name	Producing fields		Non-producing fields	
	Fields operated by NOCs	Fields operated by IOCs	Fields operated by NOCs	Fields operated by IOCs
Thi-Qar Oil Company	Gas Fields			
	None	None	None	None
	Oil Fields			
	1- Nasiriya 2- Subba	Garraf	Abu-Amood	Arido (Block 10)

Company name	Producing fields		Non-producing fields	
	Fields operated by NOCs	Fields operated by IOCs	Fields operated by NOCs	Fields operated by IOCs
Basra Oil Company	Gas Fields			
	None	None	None	1- Siba
	Oil Fields			

	1- Bin Omar 2- Artawi 3- Tuba 4- Luhais	1- West Qurna 2- Zubair 3- Majnoon 4- Rumaila 5- Block 9 (Al-Faihaa)	1- Rachi 2- Jeraishan 3- Semawa 4- Abu-Khaima 5- Sindbad	
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Exploration Activities

Next is an overview of the activity done by Iraqi Drilling Company and Oil Exploration Company during 2018 for the fields operated by NOCs and those operated by IOCs under service contracts.

Data of Oil Exploration Company

Exploration Activity	Unit of Measurement	2018		Percentage of
		Planned	Implemented	Implemented in 2018 to the planned
Geology Division\Evaluation, Exploration, Laboratories (Total Completion percentage)		2024	2024	100%
Processing and Interpretation Division\ Information Processing Department – 3 Dimension	KM ²	2550	2550	100%
Processing and Interpretation Division\ Information Processing Department – 2 Dimension	KM-Length	25295	25233	100%
Processing and Interpretation Division\ Seismic Interpretation Department – 3 Dimension	KM ² – Interpreted	3243	3243	100%
Processing and Interpretation Division\ Seismic Interpretation Department – 2 Dimension	Reflect \ Interpreted	164999	164999	100%
Field Work Division\ Field Seismic Survey – 3 Dimension	KM ²	2611.4	2968.7	114%
Field Work Division\ Field Seismic Survey – 2 Dimension	KM-Length	2397.4	3269.7	136%
Information Technology Division\ Data Base (Amount of required information in a month)		1200	1210	101%

Data of Iraqi Drilling Company

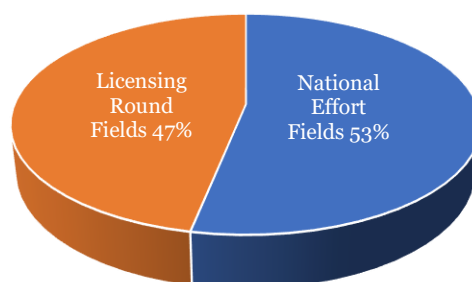
National Efforts Fields

Company	Number of Planned drill wells	Drilled Wells	Execution percentage	Planned Workover wells	Wells workover	Execution percentage
North Oil Company	5	6.55	131%	4.02	6.02	150%
Midland Oil Company	3.55	2.83	80%	2	2	100%
Missan Oil Company	3.13	3.25	104%	2.4	2.75	100%
Thi-Qar Oil Company	8.3	5.24	63%	0.2	0.2	100%
Basra Oil Company	23.05	15.79	69%	2.6	2.6	100%
Total national efforts activity	43.03	33.66	78%	11.27	13.57	121%

Licensing Round Fields

Company	Number of Planned drill wells	Drilled Wells	Execution percentage	Planned Workover wells	Wells workover	Execution percentage
Exon Mobile	2	2	100%	18.49	25.6	138%
Eni Iraq	4	4	100%	34.8	33.5	96%
Petronas	7.35	6.84	93%	0	0	-
British Petroleum	13.06	10.83	83%	9.1	13.2	145%
Lukoil	6	6	100%	0	0	-
Total Foreign Efforts Activity	23.41	29.67	92%	62.39	72.3	116%

Drilling Company Activity



1-2 Production Data

Crude Oil Production

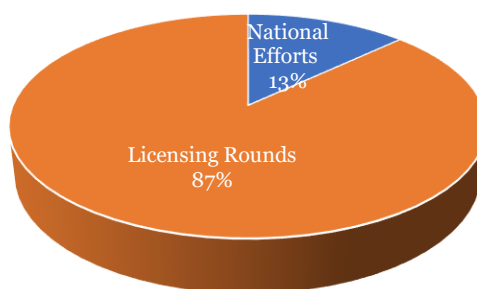
There are two types of production in Federal Iraq. The first type of production is the production undertaken by the IOCs under the licensing round service contracts, referred to as “licensing rounds production”. The second type of production is referred to as “national efforts production” and is the production of crude oil from the oilfields that the NOCs operate independently. The following section presents crude oil quantities produced during 2017, reported by national oil companies, in respect of both national efforts production and licensing round production.

Company	National Efforts Production (Barrel)	Licensing Rounds Production (Barrel)	Total Production (Barrel)	Percentage of National Efforts Production to Total Production	Percentage of Licensing Rounds Production to Total Production
North Oil Company*	84,308,879	1,560,812	85,869,691	98%	2%
Midland Oil Company**	0	73,469,434	73,469,434	0%	100%
Missan Oil Company	8,190,051	166,444,262	174,634,313	5%	95%
Thi-Qar Oil Company	37,544,676	32,603,029	70,147,705	54%	46%
Basra Oil Company	72,377,448	1,085,054,767	1,157,432,215	6%	94%
Total	202,421,054	1,359,132,304	1,561,553,358	13%	87%

* including production of Sufaiya Field which is 1095000 Barrel, which is under the control of KGR since 10 April 2015

** Eastern Baghdad Field was transferred to International Oil Company during May 2018, thus the production of the said field was within the production of Licensing Rounds.

Crude Oil Production



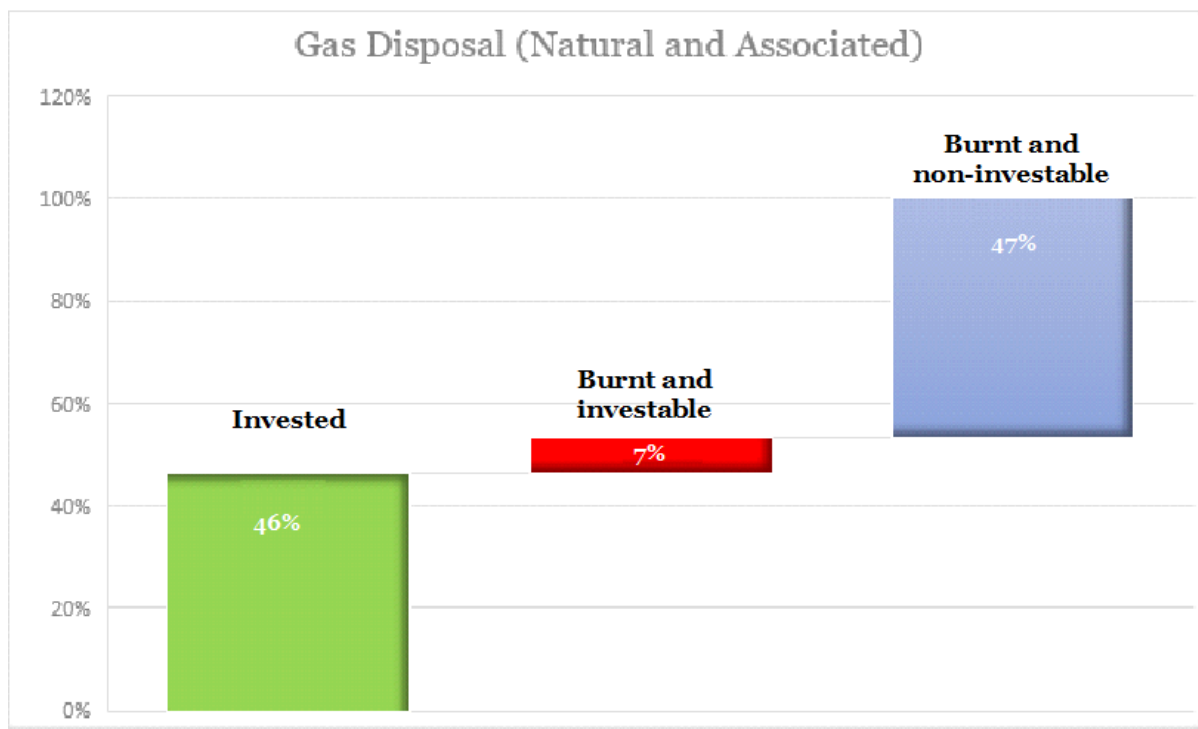
Produced Gas

Associated gas is gas associated with oil within oil fields, typically as a byproduct of oil production, while non-associated gas is extracted from gas fields. Three gas fields have been awarded under license rounds in Federal Iraq; Akkas (in Anbar province); Mansuriya (near the Iranian border in Diyala province), and Siba (in Basra).



The following table displays the total quantities of the gas produced, invested and burnt during the calendar year 2018, as disclosed by the National Oil companies:

Item		North Oil	Midland Oil	Missan Oil	Thi-Qar Oil	Basra Oil	Total	Percentage	
Associated Gas	Produced	69,250	69,213	126,462	37,964	755,938	1,058,828		
	Invested	55,125	43,439	29,807	771	335,596	464,738	44%	
	Burnt	Investable	9,459	0	0	0	67,621	77,080	7%
		Non Investable	4,667	25,773	96,656	37,193	352,722	517,011	49%
Dome Gas ((It is the gas produced from a gas dome above the oil in the reservoir))	Produced	45,719	0	0	0	3,006	48,725		
	Invested	45,358	0	0	0	3,004	48,362	99%	
	Burnt	Investable	0	0	0	0	0	0	0%
		Non Investable	361	0	0	0	0	361	1%
Total	Produced	114,969	69,213	126,462	37,964	758,944	1,107,552		
	Invested	100,484	43,439	29,807	771	338,600	513,100	46%	
	Burnt	Investable	9,459	0	0	0	67,621	77,080	7%
		Non Investable	5,028	25,773	96,656	37,193	352,722	517,372	47%
	Total	14,487	25,773	96,656	37,193	420,343	594,452		



Petroleum products production by refineries and National Gas Companies

Product	Unit	North Refineries	Midland Refineries *	South Refineries **	North Gas	South Gas	Total
		Total	Total	Total	Total	Total	
RT fuel	M ³	0	232,182	29,350	0	0	261,532
Gasoline	M ³	1,406,433	1,496,791	1,966,175	0	0	4,869,399
Naphtha (Total)	M ³	1,005,383	756,086	555,641	----		2,317,110
Kerosene	M ³	570,677	601,357	485,825			1,657,858
Gas Oil	M ³	2,312,530	1,728,928	2,292,129			6,333,586
Diezel Oil	M ³	0	235,304	0			235,304
Fuel Oil	M ³	5,000,137	5,124,866	7,214,576			17,339,579
Base Oil	M ³	0	42,039	0			42,039
Ready Oil	M ³	0	13,980	0			13,980
V.R.	M ³	0	359,440	7,283			366,723
Normal Gasoline	M ³	0	0	0	149,489	727,753	877,242
LG	Ton	48,276	72,144	122,200	243,378	1,294,867	1,780,865
Asphalt	=	112,476	132,169	82,047	0	0	326,692
Dry Gas	MMSC F	0	0	0	78,001	213,866	291,867
Greases	Ton	0	89	0	0	0	89
Additive Importe	M ³	29,870	1,276,838	1,739,988	0	0	3,046,696

d							
Gasoline							

***"Gasoline" was produced in small refineries by mixing part of the produced naphtha with imported gasoline to raise the octane number to (82), and then it is marketed*

**Naphtha produced in small refineries was disbursed as follows: for the production of gasoline, to be added to Basra petrol, injected with crude oil feeding into the refineries, as internal fuel and for export.*

*** "Gasoline" was produced in small refineries by mixing a portion of the produced naphtha with imported gasoline to raise its octane number to (82) and then marketed*

*** Naphtha produced in small refineries was disbursed as follows: for the production of gasoline, to be added to Basra petrol, as internal fuel and for export.*

****The quantity of naphtha prepared from the external refineries (Al-Samoud, Al-Sinaiyah, Al-Kasak, Al-Dora, Al-Samawa, Najaf, Al-Diwaniyah, Al-Nasiriyah, Missan) and mixed with Basra gasoline is (353427) m³ at a rate of (968) m³ / day*

**** Naphtha produced in small refineries was disbursed as follows: for the production of gasoline, to be added to Basra petrol, to power stations, as internal fuel, injected with the exported oil and for export.*

**** The production of liquid gas from the Al Ahdab and Badra fields is (142161) tons, so the total liquid gas produced is (1923026) tons, at a rate of (5269) tons / day*

**** The dry gas produced from the Al Ahdab and Badra fields (37485) is refined, so the total dry gas produced is (329,352) refined at a rate of (902) per day.*

Quantities and Values of Crude Oil, Oil Products and Gas provide to Refineries, Oil Products Distribution Company and Ministry of Electricity during 2018

North Oil Company

Crude Oil

(Source: Reports of Relevant Company)

Company	Quantity in Barrels	Amount in IQDs
SOMO	4,728,711	23,470,871,932
Midland Oil Company	6,012,489	30,062,445,000
North Refineries	28,039,467	140,197,335,000
Midland Refineries (Dura Refinery)	292,918	1,464,590,000
Investment Refineries (via OPDC)	41,226,649	206,133,245,000
Surpluses provided to Refineries via OPDC	1,151,272	1,190,482,022
Ministry of Electricity (Qudus Power Station)	3,649,012	18,111,805,380
Total	85,100,518	420,630,774,334

Midland Oil Company

Crude Oil

(Source: Reports of Relevant Company)

Company	Quantity in Barrels	Amount in IQDs
SOMO	21,889,819	151,039,751,100
Basra Oil Company	29,520,719	203,692,961,100
Midland Refineries Company (Dura Refinery)	926,504	6,392,877,600
Ministry of Electricity (Qudus and Al-Zubaydah Power Stations)	21,195,159	146,246,597,100
Total	73,532,201	507,372,186,900

Gas

(Source: Reports of Relevant Company)

Company	Quantity	Amount in IQDs
Gas Filling Company (Ton)	142,686	14,268,559,900
Ministry of Electricity-Al-Zubaydah Power Station (M ³)	828,677,663	40,671,618,999
Total	828,820,349	54,940,178,899

Missan Oil Company

Crude Oil

(Source: Reports of Relevant Company)

Company	Quantity in Barrels	Amount in IQDs
SOMO	159,543,603	1,229,394,626,735
South Refineries Company (Missan Refinery)	9,596,621	57,579,726,000
Pipelines Company (ministry of Electricity for crude oil supplied to Al-Hartha and Al-Nujaibiyah Power Stations)	5,065,150	30,390,900,000
Total	174,205,374	1,317,365,252,735

Gas

(Source: Reports of Relevant Company)

Company	Quantity	Amount in IQDs
South Refineries Company (Missan Refinery)	17,598,698	957,261,618
Ministry of Electricity (for supplying of gas to Al-Kahla and Bazergan Gas Power Stations)	654,122,078	32,706,103,895
Total	671,720,776	33,663,365,513

Thi-Qar Oil Company

Crude Oil

(Source: Reports of Relevant Company)

Company	Quantity in Barrels	Amount in IQDs
Refineries	13,551,207	108,409,656,000
Ministry of Electricity	3,178,678	25,429,424,000
Total	16,729,885	133,839,080,000

Basra Oil Company

Crude Oil

(Source: Reports of Relevant Company)

Company	Quantity in Barrels	Amount in IQDs
Refineries	133,588,586	578,148,805,500
Ministry of Electricity	35,445,077	92,819,740,500
Total	169,033,663	578,148,805,500

North Refineries Company

Oil Products supplies to OPDC

(Source: Reports of Relevant Company)

Product and Unit	Quantity	Amount in IQD
Naphtha (Cubic Meter)	784,017	32,928,714
Kerosene (Cubic Meter)	410,946	51,368,250
Gas Oil (Cubic Meter)	586,619	73,327,375
Fuel oil (Cubic Meter)	503,878	30,232,680
Asphalt (ton)	119,059	7,143,540
Total		195,000,559

Oil Product supplied to Ministry of Electricity for Diesels

(Source: Reports of Relevant Company)

Product	Quantity in Liter	Amount in IQD
Fuel Oil	139,692,752	9,080,028,880
Total	139,692,752	9,080,028,880

Midland Refineries Company

Supplied Oil Products

(Source: Reports of Relevant Company)

Product	Quantity in Liter	Amount in IQD
Gas Oil (Liter)	1,720,421,099	344,084,219,800
Gasoline (Liter)	1,117,068,682	279,267,170,500
Fuel Oil Exported (Ton)	723,862	203,681,090,239
Local Fuel Oil (Liter)	3,277,660,151	196,659,609,060
Kerosene (Liter)	604,264,029	75,533,003,625
Super Fuel Oil (Liter)	627,942,894	49,921,460,073
RT Fuel (Cubic Meter)	242,526	43,133,662,234
Naphtha	696,120,240	29,237,050,080
Normal Asphalt (ton)	134,573	20,185,993,200
Naphtha converted to Gasoline (Liter)	178,009,560	19,581,051,600
Residual of Vacuum distillation (Ton)	202,005	16,160,414,800
Ready Fats (Cubic Meter)	15,031,070	15,420,059,061
Diesel Oil (Liter)	237,838,494	12,605,440,182
Base Oil (Liter)	22,604,487	8,436,428,555
Heavy Fuel Oil (Liter)	57,310,970	5,501,853,120
Liquid Gas (ton)	69,965	4,897,564,700
Soft Wax (Cubic Meter)	2,997	629,328,000
Greases (Ton)	126	134,283,025
White Elite (Liter)	104,437	21,931,770
Oxidized Asphalt (Barrel)	215	12,900,000
Wax (Barrel)	72	7,344,000
Vaseline (Barrel)	20	1,449,000
Total		1,325,113,306,624

South Refineries Company

Oil Products Supplied to OPDC
(Source: Reports of Relevant Company)

Product and Unit	Quantity	Amount in IQD
Normal Gasoline (Liter)	3,698,099,965	591,695,994,400
Kerosene (Liter)	843,502,000	113,872,770,000
Gas Oil (Liter)	2,214,325,000	298,933,875,000
Black Fuel Oil (Liter)	6,569,957,221	394,197,433,260
Fuel Oil \ Power Stations (Liter)	675,558,000	55,733,535,000
RT Fuel(Liter)	2,857,589,000	500,078,075,000
Liquid Gas (ton)	117,677	8,237,390,000
Asphalt (ton)	87,375	13,106,250,000
Naphtha (Liter)	230,727,098	36,916,335,680
Vacuum Gas Oil (Liter)	214,164,517	28,787,784,795
Total		2,041,559,443,135

Mining Sector

The below table showcases a summary of data of prominent minerals in Iraq according to a study prepared by Technical Department of Federal Ministry of Industry and Minerals.

Mineral	Formation	Location(s)	Recorded Reserve Million ton	Usages
Sodium chloride (Samawah salt)	Al-Fateha /Injana	Al-Simawa City / Muthanna Province	50	Petroleum Industries – Chemical – Petrochemical – Foodstuff
Sodium Sulfate (Cloprite ore)	Hadeetha Deposits	Al-Door City / Salahuldeen Province	22	Detergents Manufacturing – Paper Manufacturing
Silica sand	Al-Akra (Burmese) and Hussainiyat (Jurassic) and Omer River and Rutba (Cretaceous)	Rutbah City / Ardhuma/ Anbar Province	390	Ceramic and Glass Plant – Cement Plants
Feldspar-bearing sand	Dabdaba	Kifil / Najaf Province	2.3	Ceramic and Glass
Standard sand	Omer River	Rutbah City/ Anbar Province	0.02	Cement Plants
Kaolin clays	Al-Akra (Burmese) and Hussainiyat (Jurassic) Amige Valley	Dowaykhila/ Anbar Province	1200	Cement Plants – Thermals – Ceramic
Bentonite clay (montmorillonite)	Al-Doggma (Late Cretaceous),	Daddy Basheera/Trefa	21	Drilling of oil wells and ground water

	Akashat (Palocin) and Asfarra Formation	wiy/ Anbar Province		wells - civil and construction works - purification of oils - sulfur filter - production of animal feed - Palace of colors - dyes - Casting molds
Atapulgate clay	Al-Doggma and Akashat	Akashat/ Anbar Province	0.5	purification of oils – Hydrogenation of oils - Wells drilling liquids
Porcelainite	Akashat	Akashat/ Anbar Province	1.5	Oils Plants
Bauxite	Hussainiyat	Bauxite / Anbar Province	1	Cement and Thermals Plants
Flint clays	Hussainiyat	Bauxite / Anbar Province	9	Cement and Thermals Plants
Sedimentary iron	Al-Akra (Burmese) and Hussainiyat (Jurassic)	Hussainiyat/ Anbar Province	3.5	Cement Plants

Operational Status of each State Company operating in Mining Sector during 2018:

Company	Status
The State Company for Mining Industries	Operational during 2018, the company participates in both extractive and transformative activities.
The State Company of Fertilizers – Southern Region	Operational during the year 2018, the company is only involved in transformative activities (there are no extraction activities).
Sate Company for Petrochemical Industries	Operational during the year 2018, the company only participates in transformative activities (there are no extraction activities), as the company stated.
Sate Company for Iron & Steel	Operating during the year 2018 only company engaged in manufacturing activities (no extraction activities), the company said.
Iraq Sate Cement Company	Operating during the year 2018 only company engaged in manufacturing activities (no extraction activities).
The State Company of Fertilizers– Northern Region	Not operating during 2018
Phosphate State Company	Not operating during 2018
Mishraq Sulphur Company	Not operating since 2003

Iraqi Geological Survey	This body does not carry out any productive activities
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Quantities and values of Production in Mining Sector during 2018:

Mineral	Achieved Production quantity	Achieved Sales quantities	Achieved Revenues	Usages
	(Ton)	(Ton)	(IQD)	
Industrial Salt / Samawah *	180,000	-	968,573,600	Industries (oil - chemical - petrochemical - food)
Raw Salt \ Basra	24,334	25,134	251,336,660	Industries (oil - chemical - petrochemical - food)
Silica sand for glass and ceramics	95	95	2,558,169	Glass and ceramic plants
Silica sand for black cement	535	535	8,323,410	Cement plants
Silica Sand for Casting	181	181	28,294,150	Casting molds
Standard sand	0	10	39,548,000	Cement plants (cement test)
Calcium bentonite product	214	214	47,245,950	Drilling of oil and water wells - construction and civil works - Filter sulfur - Palace of colors - purification of oils - dyes - Casting molds
Raw bentons	80	80	6,400,000	Drilling of oil and water wells - construction and civil works - Filter sulfur - Palace of colors - purification of oils - dyes - Casting molds
Sands of filters	198	198	76,225,067	Filter drinking water
Total	205,637	26,447	1,428,505,006	

* Industrial salt is produced from the Samawah saline, which is currently working under a partnership contract with a private sector company for the purpose of rehabilitation, modernization and development

KRG's Oil, Gas and Minerals Production

Despite the numerous efforts exerted by the IEITI and the IA to secure KRG's participation in the IEITI reporting for year 2018, there was no response from the KRG and the international companies working in the region to the data requests made. Accordingly, all related data presented in this report in relation to KRG has been obtained from publicly available sources.

1-3 Exporting Data

Crude Oil Exporting Process

SOMO is the sole and official exporter of Iraq's crude oil, established in accordance with Public Companies Law No. 22 of 1997. It aims to contribute to the support of the national economy through marketing of crude oil and natural gas outside Iraq in addition to the marketing of crude oil inside Iraq. The company has published on its website the adopted set of standards and mechanisms applied in its crude oil sales



process (http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_05_34_26.pdf).

SOMO exports crude oil supplied by the Basra Oil Company (including crude oil supplied by the Middle Oil companies, Missan Oil Company and Thi Qar Oil Company) through the ports of Basra and Khor Al-Amaya. As for the crude oil supplied by the North Oil Company, it is mainly exported through the port of Ceyhan.

Quantities extracted from crude oil for export by the Oil Marketing Company

North Oil Company

Month	Crude oil extracted for export, reported by the Ministry of Oil (Barrel)	Crude oil extracted for export, reported by North Oil Company (Barrel) *	Crude oil extracted for export, reported by SOMO (Barrel)	Differences (Barrel) **
January	0	0	0	0
February	0	0	0	0
March	0	0	0	0
April	0	0	0	0
May	4,475	4,475	0	4,475
June	44,932	44,932	16,456	28,476
July	419,926	419,926	339,278	80,648
August	58,560	58,560	163,462	-104,902
September	402,873	402,873	310,710	92,163
October	311,722	311,722	410,083	-98,361
November	418,616	418,616	418,616	0
December	3,067,607	3,067,607	3,067,607	0
Total	4,728,711	4,728,711	4,726,212	2,499

* It includes the loaded oil from the modern Kirkuk depot to Iran (841 021 barrels), as well as the loading from the Qayyarah terminal (558 617) to the border crossing (Khor Al Zubair)

** The difference represents the shortage in the basins for the swap contract with Iran, and the difference was decided according to the minutes of the technical department meeting on December 12, 2018..

Basra Oil Company (including the Midland Oil Company, Missan Oil Company and Thi Qar Oil Company)

Month	Crude oil extracted for export, reported by the Ministry of Oil (Barrel)	Crude oil extracted for export, reported by Basra Oil Company (Barrel) *	Crude oil extracted for export, reported by SOMO (Barrel)	Differences (Barrel)
January	108,190,068	108,190,068	108,190,068	0
February	95,940,404	95,940,404	95,940,404	0
March	107,050,000	107,050,000	107,050,000	0

April	100,197,197	100,197,197	100,197,197	0
May	108,175,920	108,175,920	108,175,920	0
June	105,640,161	105,640,161	105,640,161	0
July	109,857,705	109,857,705	109,857,705	0
August	111,061,618	111,061,618	111,061,618	0
September	106,795,022	106,795,022	106,795,022	0
October	107,530,008	107,530,008	107,530,008	0
November	100,895,342	100,895,342	100,895,342	0
December	112,450,367	112,450,367	112,450,367	0
Total	1,273,783,812	1,273,783,812	1,273,783,812	0

* The quantity exported by the Basra Oil Company includes the quantities received from the rest of the extractive companies (excluding the North Oil Company) as follows in barrels:

South Oil Company (215 432 157 1)

Middle Oil Company (51 410 539)

Missan Oil Company (985 091 166)

Thi Qar Oil Company (705 147 70)

Crude oil exports

Crude oil is lifted by the licensing round companies in exchange for cost recovery and remuneration fees entitled to them

No.	Name of Lifting Company	Amount (USD)	Quantity (Barrel)
1	Al Waha Petroleum Co. Ltd.	568,462,676	8,887,610
2	Basrah Oil Company (Including Occidental)	380,763,013	6,088,743
3	BP IRAQ N.V.	1,110,659,651	16,957,397
4	CNOOC IRAQ LIMITED	1,018,222,351	15,287,100
5	DRAGON OIL LIMITED	33,338,963	518,088
6	ENI IRAQ B.V.	605,809,125	9,697,651
7	EXXON MOBIL IRAQ LIMITED	306,138,161	4,919,947
8	GAZPROM NEFT BADRA B.V.	411,431,751	6,659,615
9	ITOCU OIL EXPLONATION IRAQ (B.V)	114,524,496	1,980,388
10	JAPEX GARRAF LTD	176,512,596	3,001,320
11	KOGAS IRAQ B.V	691,349,142	11,059,911
12	KUWAIT ENERGY	74,407,921	1,276,680
13	LUKOIL (LUKOIL MID – EAST LIMITED)	781,975,707	12,251,734
14	OCCIDENTAL ENERGY IRAQ LLC	7,602,426	106,000
15	PETROCHINA IRAQ OPERATIONS	2,079,223,806	31,506,060
16	PT PERTAMINA IRAK	982,957,559	2,088,460
17	PETRONAS CARIGALI IRAQ HOLDING B.V.	135,805,600	15,335,973
18	Shell Iraq Petroleum Development B.V.	297,549,685	4,516,731
19	THE EGYPTIAN GENERAL PETROLEUM	14,100,219	241,992
20	TOTSA TOTAL	338,093,852	5,514,864

21	TP BADRA LTD.	63,582,116	989,282
22	TP MISSAN LIMITED	207,643,632	2,873,129
	Total	10,400,154,448	161,758,675

Exported crude oil to Internation Oil Buyers

During 2018, Iraq had exported 1,116,751,349 barrels of crude oil, valued at \$ 73,408,922,662, to 54 companies purchasing Iraqi crude oil as follows:

No.	Buyer's Name	Amount (USD)	Quantity (Barrel)
1	API	483,941,959	7,207,706
2	BHARAT OMAN	402,383,918	6,209,856
3	BHARAT PETROLEUM	808,377,122	11,977,214
4	BP OIL	1,232,964,429	19,420,142
5	CANAL	356,859,495	5,978,249
6	CEPSA	673,273,675	10,129,453
7	CHEVRON	1,999,173,349	30,848,084
8	CHINA INTERNATIONAL	9,648,959,200	143,389,024
9	CHINA NATIONAL	1,773,176,827	25,794,181
10	CHINA OFFSHORE OIL	759,852,463	11,420,521
11	ENI TRADING	820,114,748	12,522,912
12	ENOC SUPPLY AND TRADING LLC	128,644,954	1,793,686
13	EQUINOR ASA (STATOIL)	211,180,828	3,098,687
14	EXXON MOBIL SALES AND SUPPLY CORPORTION GALLOWS	1,646,682,719	27,016,581
15	GS CALTEX SINGAPORE PTE. LTD.	3,164,209,183	47,313,820
16	GUNVOR	266,854,427	4,027,650
17	HELLENIC	264,365,467	4,100,879
18	HINDUSTAN PETROLEUM CORPORATION LIMITED	2,377,020,639	35,542,174
19	HPCL-MITTAL	1,603,705,443	24,173,075
20	INDIAN OIL (CHENNAI PETROLEUM CORPORATION LTD)	8,663,892,567	129,351,885
21	IPLOM	313,108,649	5,154,143
22	IRAQ OIL TANKERS COMPANY.	9,449,710	266,189
23	IRAQ PETROLEUM TRADING DMCC	2,026,840,112	31,287,324
24	IRAQ STAR	10,381,194	292,428
25	JXTG NIPPON	918,391,615	14,291,022
26	KAZMUNAYGAS TRADING AG (KMGT)	67,568,169	1,037,531
27	KOCH SUPPLY & TRADING	527,474,488	8,017,250
28	LITASCO	834,783,993	13,099,753
29	MOL HUNGARIAN OIL AND GAS PLC	276,299,183	4,167,441
30	MOTOR OIL	1,560,523,767	24,619,468
31	NAYARA ENERGY (ESSAR OIL)	912,264,843	14,306,334

32	NAFTIRAN INTERTRADE CO. (NICO) LTD	60,389,150	838,522
33	PBF HOLDING COMPANY	503,516,337	7,967,299
34	PETRO DIAMOND	136,091,455	1,910,763
35	PETROBRAS	233,875,566	3,954,089
36	PETROGAL	239,319,677	4,111,426
37	PETRONAS	529,731,676	7,374,559
38	PETROVIETNAM (Demurrages)	-16,351	
39	PHILLIPS 66	1,433,022,163	22,272,234
40	PV OIL	135,580,245	1,872,526
41	RELIANCE INDUSTRIES LIMITED (RIL)	4,616,320,125	71,255,510
42	REPSOL	1,340,527,787	21,090,538
43	SARAS TRADING SA.	786,166,452	12,357,439
44	SHELL	3,982,368,967	64,166,682
45	SINOCHEM	6,605,375,241	97,769,422
46	SK ENERGY	849,955,499	13,066,572
47	SOCAR	213,300,286	3,063,034
48	TAURUS PETROLEUM LIMITED (Demurrages due to Taurus)	479,015	
49	THE EGYPTIAN GENERAL PETROLEUM	809,817,260	12,183,703
50	TOTSA TOTAL	1,225,404,729	19,019,952
51	TOYOTA (Demurrages)	-182,681	
52	TUPRAS	78,494,082	1,549,693
53	VALERO MARKETING & SUPPLY COMPANY	1,655,521,643	25,939,091
54	ZHENHUA (BOC - OIL AGREEMENT - NORTH PETROLEUM)	3,231,145,202	47,133,633
	Total	73,408,922,662	1,116,751,349

Quantities of crude oil exported to each region

The following table shows the quantities of monthly exports and the average monthly price of crude oil exported to the US, European and Asian markets, which were mainly exported through Ceyhan port by SOMO for the year 2018:

Month	Jihan Oil Terminal (barrel)				Average monthly price (USD)		
	USA	Europe	Far East	Total	USA	Europe	Far East
January	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0

June	318,235	0	0	318,235	69	0	0
July	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0
November	0	261,466	0	261,466	0	54	0
December	0	3,067,607	0	3,067,607	0	50	0
Total	318,235	3,329,073	0	3,647,308	69	51	0

The following table shows the quantities of monthly exports and the average monthly price of crude oil exported to the American, European and Asian markets, via Basra port (including Khor Al-Amaya port) by SOMO for the year 2018:

Month	Basra Oil Terminal (barrel)				Average monthly price (USD)		
	USA	Europe	Far East	Total	USA	Europe	Far East
January	19,204,671	25,054,302	63,931,095	108,190,068	61.02	60.85	63.76
February	16,039,815	13,761,160	66,139,429	95,940,404	58.08	59.63	60.63
March	26,995,297	15,003,851	65,050,852	107,050,000	58.82	62.46	60.11
April	14,077,525	17,129,069	68,990,603	100,197,197	61.63	68.63	64.63
May	13,402,729	15,718,136	79,055,055	108,175,920	68.25	68.19	70.38
June	11,121,431	35,358,393	58,842,102	105,321,926	68.00	65.84	70.65
July	13,898,129	33,039,056	62,920,520	109,857,705	66.40	64.95	70.95
August	17,305,322	26,487,550	67,268,746	111,061,618	66.52	70.26	70.22
September	12,757,949	30,480,886	63,556,187	106,795,022	69.66	75.52	74.41
October	6,206,357	26,571,118	74,752,533	107,530,008	72.69	63.97	76.88
November	11,547,903	21,169,994	68,177,445	100,895,342	59.25	53.50	63.93
December	15,535,890	26,959,853	69,954,624	112,450,367	52.88	49.95	55.91
Total	178,093,018	286,733,368	808,639,191	1,273,465,577	62.60	63.98	66.91

The following table shows the quantities of monthly exports and the average monthly price of crude oil exported by tankers by SOMO for the year 2018:

Month	Khor Al-Zubair (barrels)	Average monthly price (USD)	Iran (barrel) *	Average monthly price (USD)
January	0	0		
February	0	0		

March	0	0		
April	0	0		
May	0	0		
June	0	0		
July	0	0		
August	26,963	36		
September	83,271	36		
October	291,233	36		
November	157,150	36		
December	0	0	838,522	72
	558,617		838,522	

* This quantity constitutes the repayment of part of the debts dues for electric energy imported from Iran

Exported Oil products

Naphtha and asphalt are two refined oil products produced by state-owned refineries in Iraq, and exported by SOMO. The Oil Products Distribution Company collects the quantities of naphtha and asphalt produced by the refineries and supplies these quantities to SOMO. Then SOMO announces the quantities to be exported and set the selling price in US dollars.

During 2018, a quantity of 639,987 tons of naphtha were exported by SOMO, valued at \$ 337,143,289, and in the same year, 21,208 tons of asphalt valued at \$ 4,426,331 were exported.

Naphtha exported by SOMO during 2018

Month	Quantity (Ton)	Amount (USD)
January	34,117	17,078,178
February	16,452	7,627,796
March	38,775	18,519,596
April	57,683	29,428,832
May	60,376	34,568,779
June	55,191	29,812,956
July	35,407	19,593,848
August	43,729	26,025,020
September	77,003	48,579,055
October	55,949	34,276,580
November	85,829	40,029,211
December	79,475	31,603,438
Total	639,987	337,143,289

Asphalt exported by SOMO during 2018

Month	Quantity (Ton)	Amount (USD)
January	0	0
February	0	0
March	0	0
April	0	0
May	0	0
June	0	0
July	0	0
August	2,968	490,599
September	6,663	1,464,549
October	5,450	1,259,044
November	5,615	1,136,341
December	513	75,798
Total	21,208	4,426,331

Products exported by SOMO and produced by Basrah Gas Company

In early 2016, and after domestic demand of LPG was met, LPG and condensate exports began, through BGC. While the exports are facilitated via SOMO, given that SOMO is the only entity with the legal authority to export crude oil and oil products outside the country, the sale proceeds go to BGC. Based on information provided by SOMO, SOMO only receives a commission for its services, from BGC. Since South Gas Company is a shareholder of BGC, it receives its share (according to its ownership stake) of the company's net profits (after making all legal deductions, and payment towards compulsory reserve), in accordance with Law No. 21 of 1997 (as amended). The government indirectly receives its share of the BGC's profits upon receiving SGC's treasury share (45% of distributable net profits).

The following tables show the quantities and values of condensate and liquid gas produced by the Basra Gas Company, which the company exported through SOMO in 2018:

Exported Condensates			
Month	Quantity (Ton)	Price per Ton (USD)	Amount (USD)
January	13,197	585	7,718,924
	13,188	579	7,637,065
February	15,500	532	8,245,142
	13,053	523	6,823,709
	13,233	559	7,391,563
March	14,081	532	7,493,898
	15,160	543	8,229,199
	12,706	572	7,262,347
April	15,721	599	9,424,536
	14,683	573	8,412,427
	12,968	557	7,227,159

May	15,772	653	10,291,600
	15,652	650	10,170,593
	15,730	640	10,059,417
June	15,824	617	9,762,528
	5,250	594	3,117,261
	9,283	594	5,511,628
July	14,307	628	8,978,349
	15,821	632	9,991,288
	15,108	628	9,492,104
August	14,456	630	9,101,767
	15,278	617	9,433,867
September	15,748	645	10,154,589
	13,037	655	8,535,785
	16,222	669	10,860,458
	15,896	650	10,331,444
October	16,462	670	11,024,031
	16,467	583	9,598,795
November	15,026	507	7,618,393
	16,403	478	7,835,697
December	15,804	413	6,528,939
	16,490	426	7,028,572
	16,981	420	7,135,127
	480,505		278,428,204

Exported liquid gas							
Month	Quantity	Price per ton (USD)	Amount (USD)	Month	Quantity	Price per ton (USD)	Amount (USD)
January	5,336	561	2,992,456	May	5,196	416	2,162,297
	2,313	455	1,052,096		1,509	384	579,377
	5,395	441	2,377,195		2,469	421	1,040,091
	1,556	461	717,755		5,257	416	2,188,975
	1,507	559	842,586		5,281	415	2,189,591
	5,442	436	2,372,712		2,200	421	926,599
February	3,465	432	1,495,991	June	5,203	472	2,455,671
	4,131	429	1,773,229		3,041	420	1,277,351
	5,345	426	2,276,480		2,297	479	1,100,434
	2,279	318	723,524		5,331	474	2,526,967
	5,165	384	1,981,208		5,130	474	2,431,772
	4,460	393	1,751,666		5,070	474	2,403,361
March	4,360	389	1,693,773	July	2,361	482	1,137,467
	2,245	391	878,384		1,487	443	659,063
	5,454	385	2,101,457		2,242	480	1,077,007

April	1,522	333	507,189	August	2,735	506	1,384,273
	1,542	333	513,884		5,265	412	2,169,378
	4,513	351	1,585,556		4,964	475	2,358,496
	4,649	393	1,824,720	September	5,242	432	2,264,675
	1,546	348	537,531		4,968	475	2,362,055
	1,517	348	527,716		5,368	500	2,682,796
	2,351	391	920,127	October	5,403	513	2,773,151
	5,209	332	1,731,657		0	0	0
	2,245	392	878,920	November	5,527	419	2,316,099
	3,509	333	1,167,459		2,994	476	1,424,466
	December				5,406	249	1,348,582
					4,950	250	1,238,430
				5,066	313	1,586,167	
				5,423	316	1,714,532	
Total				204,439		85,004,394	

Kurdistan Regional Government exports

The KRG's crude oil export revenue data was obtained from reports posted on the KRG website. The reports cover oil production from the Kurdistan region, its export, consumption and revenues for the period from January 1, 2018 to December 31, 2018, as total crude oil exported via pipelines was defined as 138,641,356 barrels, and total local consumption as 5,466,940 barrels. The following tables summarize the abovementioned data:

First Semester (1/1/2018 to 31/3/2018)	
Oil exports and consumption	Total (barrel)
Exports of crude oil through pipelines	28,337,999
Exports of crude oil transported by truck from wells in the Kurdistan region	0
Crude oil swaps for diesel and heavy fuel oil for use in KRG power plants	559,341
Sales to oil refineries	609,649
Domestic sales	996,458
Total exports and consumption	30,503,447

Second Semester (1/4/2018 to 30/6/2018)	
Oil exports and consumption	Total (barrel)
Exports of crude oil through pipelines	30,190,384
Crude oil swaps for diesel and heavy fuel oil for use in KRG power plants	278,750
Domestic sales	957,010
Total exports and consumption	31,426,144

Third Semester (1/7/2018 to 30/9/2018)	
Oil exports and consumption	Total (barrel)
Exports of crude oil through pipelines	35,246,851
Crude oil swaps for diesel and heavy fuel oil for use in KRG power plants	329,820
Domestic sales	174,761
Total exports and consumption	35,751,432

Fourth Semester (1/10/2018 to 31/12/2018)	
Oil exports and consumption	Total (barrel)
Exports of crude oil through pipelines	39,399,182
Crude oil swaps for diesel and heavy fuel oil for use in KRG power plants	1,011,902
Sales to refining plants	200,296
Domestic sales	348,953
Total exports and consumption	40,960,333



Revenue Collection

Requirement 4 of the EITI Standards

2-1 Comprehensive Disclosure of Taxes and Revenues

Materiality

The MSG considered a quantitative materiality threshold to determine which payments and revenue streams would be deemed material for the purpose of this EITI report.

The quantitative threshold applied to define materiality was all revenue streams that are known to contribute one percent 1% or more of the revenue received by the government from the mining and oil and gas sectors. This is considered an improvement from last year's report, where the materiality threshold was set to two percent 2%. This year's materiality threshold is broadly consistent with materiality thresholds used for other EITI-compliant countries, and lowering the materiality threshold further would not have significantly increased coverage of the report. The material revenues constitute 99% of total government extractives revenues in Iraq. In accordance with Requirement 4.1(a), all revenues and payments whose "omission or misstatement could significantly affect the comprehensiveness of the EITI Report" were included in the scope of reconciliation.

The table below shows the types of revenues related to the extraction sector in Iraq. It also presents the percentage of the contribution of each of these revenues to the total revenues of the extractive sector in Iraq. The revenues of crude oil exports in both the federal Iraq and the Kurdistan region are considered material revenues as their contribution to the total revenues of the extraction sector exceeds the materiality threshold of 1%.

No.	Type of Revenue	Estimated value (in US dollars) and share of the total extractive industry revenue	The revenue recipient government agency	Included / Not included
1	Crude oil exports	72,855,031,423 79%	SOMO	Included
2	The value of oil loaded by international oil companies operating within the licensing rounds	10,945,602,862 12%	SOMO	Included
3	Revenue related to crude oil (Kurdistan) Excluded	5,672,436,512 6%	Kurdistan Ministry of Natural Resources	Not included according to the approval of the exclusion

4	Income tax	1,756,000,000 2%	Ministry of Finance - General Tax Authority	Included
5	Other	1,022,844,227 1%	Multiple	Not included
Total		92,251,915,024		
Total revenue not excluded		86,579,478,512		
Total revenue covered (1-2-4)		85,556,634,285		
Percentage of covered revenue out of total covered revenue		%99		

Revenue Streams Types

The following is a description of revenue streams in the oil and gas sector in federal Iraq:

- a. **Crude oil exports:** This revenue represents the federal budget total for crude oil export revenue, as per the records of SOMO. In addition to the revenue generated from oil exported to international markets, the total export revenue includes crude oil sales to international oil companies operating in Iraq under licensing round contracts, equivalent to the value of cost recovery and remuneration fees earned by those companies. While these figures are reported as sales revenue by SOMO and are recorded as such in the federal budget, they are, in fact, expenses for the Iraqi Government.
- b. **Corporate Income tax:** Under service contracts, IOCs are required to pay corporate income tax levied at 35% of remuneration fees received during the relevant tax year.
- c. **State partner share in remuneration fees:** Under service contracts, where a state partner holds a share of the consortium's/company's total participating interest in the oil and gas license, the state partner is entitled to receive a share of the remuneration fee paid, in accordance with its share of total participating interest in the field license, which typically ranges from 5% to 25%. The state partner's share is paid by the Ministry of Oil to the Ministry of Finance, as remittances to the state treasury.
- d. **Treasury share of SOE reported profits:** All state-owned entities are required to pay 45% of the distributable portion of their net profits to the state treasury (MoF), in accordance with Law No. 22 of 1997 (as amended).
- e. **Signature bonus:** Signature bonus amounts are determined in service contracts and are generally payable within a specified period from the effective contract date. There was no signature bonus payment during 2018.

Crude oil product export revenues are not included as direct revenue streams to the government as explained below:

- **LPG and condensate:** LPG and condensate are produced and exported by Basra Gas Company, which is a mixed sector company that is 51% owned by the state through South Gas Company (as discussed in Section 2.3). LPG and condensate are exported through SOMO (since it is the only entity legally authorized to export products in federal Iraq), in exchange for a commission (insignificant amount as compared to total extractive revenue). However, all revenues from the export of these petroleum products are deposited into the account of Basra Gas Company. Since South Gas Company owns a 51% stake in Basra Gas Company, it receives its share of net profits in accordance with its ownership shares.
- **Naphtha:** Naphtha is a refined oil product (such as kerosene) produced by the state owned refineries in Iraq, and exported by SOMO. The OPDC collects the quantities of Naphtha produced by the refineries and supplies the quantities to SOMO. SOMO then announces the quantities to be exported and the selling price in US Dollars. According to SOMO, the proceeds from the Naphtha exports are distributed to the self-funded national companies to cover costs of production (while SOMO receives a commission for its services), and the net profit is transferred to the Ministry of Finance through treasury share payments. Therefore, Naphtha export proceeds do not represent a direct revenue stream for the Government of Iraq.

The following is a description of revenue streams in the mining and minerals sector in federal Iraq:

- a. **Treasury share of SOE reported profits:** The only revenue stream received by the Iraqi Government from the mining and minerals sector is the 45% treasury share payments made by the SOEs operating in the sector.

The following is a listing of revenue streams in the oil and gas sector in Kurdistan Region of Iraq:

- a. **Crude oil exports:** Crude oil export data related to KRG was obtained from two reports published on the KRG website. The reports cover KRG's oil production, export, consumption and revenue for the period from 1 January 2018 to 31 December 2018,
- b. **Royalties**
- c. **Bonuses**
- d. **Capacity Building Payments**

Reporting Entities

Reporting entities for the purpose of this EITI report include international oil companies, state-owned enterprises (SOEs) and government entities. These are outlined below.

International Oil Company

The total export revenue includes crude oil sales to international oil companies operating in Iraq under licensing round contracts, equivalent to the value of cost recovery and remuneration fees earned by those companies. While these payments are recorded as revenues by SOMO, they are, in fact, expenses for the Iraqi Government. Therefore, the MSG has decided to reconcile cost recovery and remuneration fee payments to IOC due to their importance, given that they are reported by SOMO as part of the oil export revenues. Two related reconciliations were performed as follows:

- Reconciliation of cost recovery and remuneration fees between SOMO and the IOCs receiving such payments
- Reconciliation of cost recovery and remuneration fees between the SOMO and the IOCs receiving the payments

Government Entities

Government entities are material entities if they receive payments from the reporting entities and SOEs during the reporting period. Government entities that do not receive payments, but keep record of payments, are also included in the list of material government entities. These entities are:

- Ministry of Oil
- Ministry of Finance

State-owned Entities

In relation to material government revenue streams, only one SOE (SOMO) was considered material, as it is the sole entity responsible for exporting crude oil and therefore maintains records of exported crude oil quantities and values. In addition to the revenue streams identified above, we considered payment streams between SOEs and the Government, and decided to reconcile the internal service payments (ISP) made by the MoF through SOMO to the national oil companies (these payments are made on a monthly basis). ISP are only made to national companies involved in the extraction of crude oil. Such payments have been extended to the Oil Exploration Company during 2016, due to decision made by the MoO, and therefore the OEC has been included in the scope of reconciliations. Reporting SOEs are listed below:

Company	Reason for selection
SOMO	1- SOMO maintains record of exported crude oil revenue 2- SOMO executes and maintains record of internal service payments made to only 5 SOEs in the upstream sector.
North Oil Company	North Oil Company receives internal service payments from SOMO
Midland Oil Company	Midland Oil Company receives internal service payments from SOMO
Missan Oil Company	Missan Oil Company receives internal service payments from SOMO
Thi-Qar Oil Company	Thi-Qar Oil Company receives internal service payments from SOMO
Basra Oil Company	Basra Oil Company receives internal service payments from SOMO
Oil Exploration Company	Oil Exploration Company receives internal service payments from SOMO

Reconciliation Details

Reconciliations were made between the data received from the disclosers with the data received from the parties receiving or maintaining this data for each type of revenue subject

to reconciliation. The reasons for the differences are explained to the extent that the disclosure companies cooperate in providing the relevant information.

The types of revenues that do not exceed the materiality threshold were presented in the report, either by the recipient or the entity registering this revenue. This section contains the amounts disclosed in relation to the types of revenue unilaterally disclosed.

This part also includes reconciling internal service payments (payments between the government and SOEs).

Reconciliation of Crude Oil Exports Revenues of 2018

We have prepared a database showing the details of reconciliations on the basis of the shipment, as it includes all shipments with their reconciliation with the reasons for the differences, as the reasons for these differences have varied between:

- Non-disclosure of delay fines.
- The difference between the disclosure according to the cash basis or the accrual basis.
- Non-disclosure of shipments that started during the last day of the previous year (2017) or started during the last day of the current year of the report (2018).

These reconciliations were included in the form of a database in the file titled "Crude Oil Export and Lifting Reconciliation for the Year 2018" on IEITI website (http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_59_04.xls).

As for international companies that buy Iraqi crude oil and do not disclose their data, and since all revenues from Iraq's exports of crude oil, oil products and natural gas are deposited in the oil revenue account, which is an account of the Central Bank of Iraq with the Federal Reserve Bank in New York, we have reviewed all the details of the deposits to this account and have compared them with all the shipments exported to international companies that buy crude oil (disclosed and non-disclosed), and we made sure of their presence in the aforementioned account statement. The Central Bank of Iraq (Investments Department - Oil Division) prepared a summary of all deposits in the account related to crude oil exports. This summary was included in the form of a database in the file entitled "Oil Credit Statement for 2018" on IEITI website (http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_04_06_46.xls).

As for the international companies operating within the licensing rounds, which lifted crude oil and did not disclose the quantities and values of the lifted oil, and since these companies send an endorsement to SOMO after receiving each shipment by delivering an email with the SOMO list attached, so we reconciled these messages Proof of receipt (attached to the commercial lists issued by SOMO) and between SOMO records.

Therefore, it is a summary of the Crude Oil Exports reconciliations:

Crude Oil lifting Companies

No.	Lifting Company	Amount according to SOMO (USD)	Amount according to lifting company (USD)	Differences settled (SOMO minus lifting company) (USD)	Differences NOT settled (SOMO minus lifting company) (USD)	Note
1	Al Waha Petroleum Co. Ltd.	568,462,676	568,462,676	0		

2	Basrah Oil Company (Including Occidental)	380,763,013	0		380,763,013	A
3	BP IRAQ N.V.	1,110,659,651		1,110,659,651		B
4	CNOOC IRAQ LIMITED	1,018,222,351	1,018,894,389	-672,038		C
5	DRAGON OIL LIMITED	33,338,963		33,338,963		B
6	ENI IRAQ B.V.	605,809,125	617,469,634	-11,660,509		D
7	EXXON MOBIL IRAQ LIMITED	306,138,161	306,374,741	-236,580		C
8	GAZPROM NEFT BADRA B.V.	411,431,751	410,533,173	-1,109,142	2,007,720	C-D-F
9	ITOCHU OIL EXPLONATION IRAQ (B.V)	114,524,496	114,524,496	0		
10	JAPEX GARRAF LTD	176,512,596	177,159,686	-647,090		C
11	KOGAS IRAQ B.V	691,349,142		691,349,142		B
12	KUWAIT ENERGY	74,407,921	74,407,921	0		
13	LUKOIL (LUKOIL MID – EAST LIMITED)	781,975,707	843,977,355	-62,001,648		C-D
14	OCCIDENTAL ENERGY IRAQ LLC	7,602,426		7,602,426		B
15	PETROCHINA IRAQ OPERATIONS	2,079,223,806	2,080,465,404	-1,241,599		C
16	PT PERTAMINA IRAK	982,957,559	982,957,559	0		
17	PETRONAS CARIGALI IRAQ HOLDING B.V.	135,805,600	136,379,503	-573,904		C
18	Shell Iraq Petroleum Development B.V.	297,549,685		297,549,685		B
19	THE EGYPTIAN GENERAL PETROLEUM	14,100,219		14,100,219		B
20	TOTSATA TOTAL	338,093,852	338,312,887	-219,035		C
21	TP BADRA LTD.	63,582,116	63,546,619	35,496		E
22	TP MISSAN LIMITED	207,643,632	207,608,136	35,496		E
TOTAL		10,400,154,448	7,941,074,181	2,076,309,534	382,770,733	
SUB PERCENTGE			76%	20%	4%	
Total percentage to total curde oil exports revenues (83,809,077,110 \$)			9%	2%	0.46%	

- A. We were unable to reconcile the data of SOMO with the lifting company because it did not send any confirmations that it had received the loaded shipments.
- B. The lifting company did not disclose its numbers, however we reconciled it by confirming its receipt of shipments sent to SOMO through its e-mails and official letters.
- C. Delay fines that were not disclosed by the lifting company.

- D. The shipments loaded either by SOMO or the lifting company were not disclosed due to the difference between the cash basis and the accrual basis of disclosure.
- E. There was a typographical error in filling out the form by the lifting company, as the price of the barrel was determined by it at \$ 60,719 instead of \$ 60,791 as it is in SOMO's records, and we have confirmed the correct price by comparing the shipment details according to the statement of the Development Fund for Iraq. It turns out that the correct price per barrel is 60.791 as it is in Sumo records.
- F. A partial shipment of \$ 2,007,720 that we were unable to reconcile was reported by SOMO but not by the lifting company, despite the confirmation of the lifting company of the second part of the shipment.

International Buying Companies of crude oil

No.	Lifting Company	Amount according to SOMO (USD)	Amount according to buying company (USD)	Differences settled (SOMO minus buying company) (USD)	Differences NOT settled (SOMO minus buying company) (USD)	Note
1	API	483,941,959	484,009,942	-67,983		A (1)
2	BHARAT OMAN	402,383,918	383,207,684	19,176,234		A(1) -B
3	BHARAT PETROLEUM	808,377,122	808,377,122	0		
4	BP OIL	1,232,964,429	1,233,627,193	-662,764		A (1)
5	CANAL	356,859,495	356,859,495	0		C
6	CEPSA	673,273,675	673,868,948	-595,273		A (1)
7	CHEVRON	1,999,173,349	1,943,008,228	56,165,120		B
8	CHINA INTERNATIONAL	9,648,959,200	9,433,829,629	215,129,571		A(1) - B
9	CHINA NATIONAL	1,773,176,827	1,773,176,827	0		C
10	CHINA OFFSHORE OIL	759,852,463	760,886,066	-1,033,603		A(1) - D(1)
11	ENI TRADING	820,114,748	716,636,566	103,478,182		A(1) - B
12	ENOC SUPPLY AND TRADING LLC	128,644,954	128,644,954	0		C
13	EQUINOR ASA (STATOIL)	211,180,828	211,201,852	-21,024		A (1)
14	EXXON MOBIL SALES AND SUPPLY CORPORATION GALLOWS	1,646,682,719	1,648,598,395	-1,915,675		A (1)
15	GS CALTEX SINGAPORE PTE. LTD.	3,164,209,183	3,238,037,767	-73,828,585		A(1) - B
16	GUNVOR	266,854,427	267,303,277	-448,850		A (1)
17	HELLENIC	264,365,467	264,365,467	0		
18	HINDUSTAN PETROLEUM CORPORATION LIMITED	2,377,020,639	2,303,526,045	73,494,594		A(1) - B
19	HPCL-MITTAL	1,603,705,443	1,604,676,201	-970,758		A (1)

20	INDIAN OIL (CHENNAI PETROLEUM CORPORATION LTD)	8,663,892,567	8,666,621,166	-2,728,599		A (1)
21	IPLM	313,108,649	313,141,956	-33,307		A (1)
22	IRAQ OIL TANKERS COMPANY.	9,449,710	9,449,710	0		
23	IRAQ PETROLEUM TRADING DMCC	2,026,840,112	2,034,890,843	-8,050,731		A(2) - D(2)
24	IRAQ STAR	10,381,194	10,381,194	0		
25	JXTG NIPPON	918,391,615	918,391,615	0		C
26	KAZMUNAYGAS TRADING AG (KMG)	67,568,169	67,568,169	0		
27	KOCH SUPPLY & TRADING	527,474,488	527,579,154	-104,666		A (1)
28	LITASCO	834,783,993	774,483,201	60,300,792		A(1) - B
29	MOL HUNGARIAN OIL AND GAS PLC	276,299,183	276,299,183	0		
30	MOTOR OIL	1,560,523,767	1,560,523,767	0		
31	NAYARA ENERGY (ESSAR OIL)	912,264,843	913,167,293	-902,450		A(1)
32	NAFTIRAN INTERTRADE CO. (NICO) LTD	60,389,150	0		60,389,150	E
33	PBF HOLDING COMPANY	503,516,337	503,516,337	0		C
34	PETRO DIAMOND	136,091,455	136,896,615	-805,160		A(1)
35	PETROBRAS	233,875,566	233,875,566	0		C
36	PETROGAL	239,319,677	239,369,408	-49,730		A(1)
37	PETRONAS	529,731,676	529,731,676	0		
38	PETROVIETNAM (Demurrages)	-16,351	0		-16,351	F(1)
39	PHILLIPS 66	1,433,022,163	1,433,022,163	0		
40	PV OIL	135,580,245	135,580,245	0		
41	RELIANCE INDUSTRIES LIMITED (RIL)	4,616,320,125	4,351,078,449	265,241,676		A(1) - B
42	REPSOL	1,340,527,787	1,304,596,951	35,930,836		A(1) - B
43	SARAS TRADING SA.	786,166,452	786,166,452	0		C
44	SHELL	3,982,368,967	3,784,018,895	198,350,072		A(1) - B - G
45	SINOCHEM	6,605,375,241	6,605,375,241	0		
46	SK ENERGY	849,955,499	849,955,499	0		
47	SOCAR	213,300,286	213,300,286	0		
48	TAURUS PETROLEUM LIMITED (Demurrages due to Taurus)	479,015	0		479,015	F(1)
49	THE EGYPTIAN GENERAL PETROLEUM	809,817,260	809,817,260	0		C

50	TOTSA TOTAL	1,225,404,729	1,214,208,267	11,196,462		A(1) - B
51	TOYOTA (Demurrages)	-182,681	0		-182,681	F(1)
52	TUPRAS	78,494,082	78,494,082	0		
53	VALERO MARKETING & SUPPLY COMPANY	1,655,521,643	1,672,120,391	-16,598,748		A(1) - B
54	ZHENHUA (BOC - OIL AGREEMENT - NORTH PETROLEUM)	3,231,145,202	3,231,145,202	0		
TOTAL		73,408,922,662	72,418,607,896	929,645,633	60,669,133	
SUB PERCENTGE			99%	1%	0.08%	
Total percentage to total curde oil exports revenues (83,809,077,110 \$)			86%	1%	0.07%	

A (1) - Delay fines that were not disclosed by the buying company.

A (2) - Delay fines not disclosed by SOMO.

B- The exported shipments were not disclosed either by SOMO or by the buying companies due to the difference between the cash basis and the accrual basis of disclosure.

C- The buying company did not disclose its numbers, however we reconcile them by reconciling SOMO's numbers with the buyer's deposits of undisclosed shipments in the account of the Development Fund for Iraq.

D (1) - There was a typographical error in filling out the form by the buying company, when the buying company determined the value of the shipment (BBL / 10770) at \$ 110,489,353 instead of \$ 110,498,353. We multiplied the barrel value by the quantity on the buyer's form, and the result was identical to SOMO's records, as it was identical to the buying company's deposit of the amount of the shipment in question in the account of the Development Fund for Iraq.

D (2) - There was a typo in filling out the form by the buying company, as it determined the value of the shipment (BBL / 10445) at \$ 137,558,151 instead of \$ 133,513,691. We multiplied the barrel value by the quantity on the buyer's form, and the result was identical to SOMO's records, as it was identical to the buying company's deposit of the amount of the shipment in question in the account of the Development Fund for Iraq.

There was another typo in filling out the form by the buyer, as it set the value of the shipment (BBL / 10656) at \$ 116,603,378 instead of \$ 112,561,106. So, we multiplied the barrel value by the quantity on the buyer's form, and the result was identical to SOMO's records, as it was identical to the buying company depositing the amount of the shipment in question in the account of the Development Fund for Iraq.

E- We were not able to reconcile the data of SOMO with the buying company because it did not send its data, and there are no deposits for the amounts of shipments of this company, especially because it is part of a barter contract mentioned in the report under the paragraph (barter agreements).

F (1) - Delay fines owed by SOMO in favor of the company concerned, but no oil purchase process took place from the company during the year 2018 to deduct it from the value of the shipment.

F (2) - Fines owed to SOMO by the company in question, but no oil purchase process took place from the company during the year 2018, to be added to the value of the shipment.

G- According to SOMO, Shell changed the destination of two shipments after the date of the bill of lading in the past, which led to a dispute over an amount in favor of SOMO due to the difference in the destination price, as an agreement was concluded in 2018 between SOMO and Shell to compensate SOMO with an agreed amount of about 47 million USD, which is settled by adding 30 cents to the price of each barrel until the agreed amount is amortized. Then, after writing off the agreed amount, SOMO and Shell agreed to add 30

cents to the price of each barrel if SOMO allocated 5 million barrels to Shell per month. Moreover, Shell demanded several delay fines that were partially approved by SOMO and added to its records.

Curde Oil Export by Kurdistan Region

We compared the quantities of crude oil exported through pipelines shown in the quarterly reports in this regard (published on IEITI website in a file called "Kurdistan Region Reports for 2018" (http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_05_08_36.pdf - http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_05_09_37.pdf), With the data of SOMO in this regard that it obtained from the North Oil Company, where the difference between these data reached about half a percent on an annual level as follows:

Kurdistan Reports Information						
2018	Net curde oil exports via pipelines per barrle	Average barrle price in USD	Value of exported curde oil via pipelines \$	SOMO information (Barrle)	Differences in quantities (barrle)	Differences percentage
January				8,291,604		
February				10,178,307		
March				9,952,252		
Total of first quarter	28,447,848	54.817	1,559,425,684	28,422,163	25,685	0.09%
April				8,879,580		
May				9,705,566		
June				10,022,028		
Total of second quarter	28,398,248	62.854	1,784,943,480	28,607,174	-208,926	-0.74%
July				10,279,444		
August				13,895,917		
September				11,799,487		
Total of third quarter	35,667,632	63.098	2,250,556,244	35,974,848	-307,216	-0.86%
October				13,035,158		
November				12,952,311		
December				13,404,060		
Total of fourth quarter	39,215,669	54.197	2,125,371,613	39,391,529	-175,860	-0.45%
Total of 2018	131,729,397		7,720,297,020	132,395,714	-666,317	-0.51%

Reconciliation of cost recovery and remuneration fees

We reconciled the cost recovery and remuneration fees between the licensing round companies and the Petroleum Contracts and Licensing Directorate (PCLD) at the Ministry of Oil, as we reviewed all the minutes of the Ministerial Committee to review the contracting companies' account lists for each quarter of 2018 and for each field, which includes details of the claims of the main operator and its partners, including the partner's share. Governmental analysis and related approvals, as well as the commercial lists issued by the main contractor (operator).

Field's name	Company's name	Petroleum and Supplementary costs according to PCLD (USD)	Petroleum and Supplementary costs according to companies (USD)	Difference (PCLD minus the company) (USD)	Note
Rumaila	British Petroleum	925,991,638	868,478,057	57,513,581	The amount disclosed by BP is considered part of the amount of the lifted oil, since when adding the disclosed amount in the profitability, it equals the value of the oil lifted during the year by the company in the total
	Petrochina	901,611,413	913,676,792	-12,065,379	The difference is amounts that are not approved by PCLD.
	SOMO (State Partner) – 6%	0			The state partner is not entitled to any recovery costs as it is not involved in the cost.
	Total	1,827,603,051	1,782,154,849	45,448,202	
Zubair	Eni	538,258,992	553,551,953	-15,292,961	The difference is amounts that are not approved by PCLD
	Basra Oil – (was Occidental) – not a state partner	384,470,709	395,394,252	-10,923,543	Although the company did not disclose its data, but after reviewing the commercial lists sent by the main contractor (Eni) and we set the amounts related to the company according to the percentage of its participation, it became clear that the difference is amounts that are not approved by the PCLD.
	Kogas	307,576,567	316,315,401	-8,738,834	Although the company did not disclose its data, and after reviewing the commercial lists sent by the main contractor (Eni), and we set the amounts related to the company

					according to the percentage of its participation, it appeared that the difference is amounts that are not approved by the PCLD.
	Missan Oil (state Partner) – 5%	0			The state partner is not entitled to any recovery costs as it is not involved in the cost
	Total	1,230,306,267	1,265,261,606	-34,955,339	
West Qurna /1	ExxonMobil	250,492,910	747,881,211	-497,388,301	ExxonMobil disclosed the total amount related to all partners according to its claim. It also disclosed data on cash basis, unlike PCLD
	Petrochina	250,492,910	252,511,349	-2,018,439	The reason for the difference is the PCLD released previously disputed costs. There is also difference between requested payments and approved payments.
	Itochu Oil	150,295,746	152,729,189	-2,433,443	The reason for the difference is the PCLD released previously disputed costs. There is also difference between requested payments and approved payments.
	Pertamina	76,621,361	77,861,945	-1,240,584	
	Oil Exploration Company (state partner) – 5%	0			The state partner is not entitled to any recovery costs as it is not involved in the cost
	Total	727,902,926	1,230,983,694	-503,080,768	
	Missan	CNOOC	912,887,383	1,073,985,156	0
	TPAO	161,097,773			

	Iraqi Drilling Company (state partner) – 25%	0			The state partner is not entitled to any recovery costs as it is not involved in the cost
	Total	1,073,985,156	1,073,985,156	0	
Halfaya	Petrochina Halfaya	655,280,680	673,695,421	-18,414,742	The difference is amounts that are not approved by PCLD
	Petronas	327,640,340	319,396,999	8,243,341	The reason for the difference is the PCLD disclosed data according to the accrual basis, while the company disclosed data according to the cash basis. In addition to the partial payments related to lifting oil.
	Total S.A	327,640,340	338,312,887	-10,672,547	The amount disclosed by Total is the amount of oil lifted.
	Basra Oil (state partner) – 10%	0			The state partner is not entitled to any recovery costs as it is not involved in the cost
	Total	1,310,561,359	1,331,405,307	-	20,843,948
Majnoon	Shell	115,089,869	115,089,869	0	Shell did not provide its data, noting that it and Petronas withdrew from the Majnoon field, and the Basra Oil Company was assigned to develop the field within the framework of national efforts, according to the withdrawal notice dated 30 June 2018 signed by all the relevant parties (the Ministry of Oil and the Basra Oil Company Shell and Petronas). Although the company did not disclose its data, but we reviewed the commercial lists sent from it as a main contractor, and we put the

					amounts related to the company according to its participation rate.
	Petronas	76,726,580	233,194,905	-156,468,325	The reason for the difference is the PCLD disclosed data according to the accrual basis, while the company disclosed data according to the cash basis. In addition to the company's withdrawal from the field and requesting all its costs.
	Missan Oil (state partner) – 25%	0			The state partner is not entitled to any recovery costs as it is not involved in the cost
	Total	191,816,449	348,284,774	-156,468,325	
Garraf	Petronas	350,493,820	270,191,095	80,302,725	The reason for the difference is the PCLD disclosed data according to the accrual basis, while the company disclosed data according to the cash basis
	JAPEX	233,662,547	204,857,987	28,804,560	The reason for the difference is the PCLD disclosed data according to the accrual basis, while the company disclosed data according to the cash basis
	North Oil (state partner) – 25%	0			The state partner is not entitled to any recovery costs as it is not involved in the cost
	Total	584,156,367	475,049,082	109,107,284	
West Qurna /2	Lukoil	635,411,429	523,159,738	112,251,691	The reason for the difference is the PCLD released previously disputed costs.
	North Oil (state partner) – 25%	0			The state partner is not entitled to any recovery costs as it is not involved in the cost

	Total	635,411,429	523,159,738	112,251,691	
Badra	Gazprom	432,980,233	455,898,613	-22,918,380	The reason for the difference is the PCLD disclosed data according to the accrual basis, while the company disclosed data according to the cash basis
	Kogas	324,735,175	150,649,022	174,086,152	Although the company did not disclose its data, but we reviewed the commercial lists sent from the main contractor (Eni) and we set the amounts related to the company according to the percentage of its participation, where the difference represents part of the amounts retained in favor of the company.
	Petronas	216,490,116	209,791,935	6,698,181	The reason for the difference is the PCLD disclosed data according to the accrual basis, while the company disclosed data according to the cash basis, in addition to the partial payments related to oil lifting.
	TPAO	108,245,058	108,245,058	0	
	Oil Exploration Company (state partner) – 25%	0			The state partner is not entitled to any recovery costs as it is not involved in the cost
	Total	1,082,450,582	924,584,629	157,865,953	
	Ahdeb	Waha Oil	580,757,785	580,757,785	0
	SOMO (state partner) – 25%	0			
	Total	580,757,785	580,757,785	0	
Fayhaa (block 9)	Kuwait Energy	44,063,008	73,438,346	0	Kuwait Energy Company disclosed the total amount related to all partners, which

					matches the Petroleum Contracts and Licensing Directorate records.
	Dragon Oil	22,031,504			
	Egyptian General Petroleum Corporation	7,343,835			
	No state partner	0			
	Total	73,438,346	73,438,346	0	
Total		9,318,389,717	9,609,064,966	-290,675,249	

Field's name	Company's name	Remuneration fees according to PCLD (USD)	Remuneration fees according to companies (USD)	Difference (PCLD minus the company) (USD)	Note
Rumaila	British Petroleum	320,780,657	242,181,594	78,599,063	The amount disclosed by BP is considered part of the amount of the lifted oil, since when adding the disclosed amount in the profitability, it equals the value of the oil lifted during the year by the company in the total.
	Petrochina	312,334,896	312,337,006	-2,110	The difference is caused by the numbers after the comma in the participation rate
	SOMO (State Partner) – 6%	40,411,631			
	Total	673,527,184	554,518,600	78,596,953	
Zubair	Eni	98,477,777	98,477,777	0	
	Basra Oil – (was Occidental) – not a state partner	70,351,425	70,351,425	0	Although the company did not disclose its data, but after reviewing the commercial lists sent by the main contractor (Eni) and we set the amounts related to the company according to the percentage of its participation, it became clear that the difference is amounts that are not approved by the PCLD.
	Kogas	56,276,401	56,276,401	0	Although the company did not disclose its data, and after reviewing the commercial lists sent by

					the main contractor (Eni), and we set the amounts related to the company according to the percentage of its participation, it appeared that the difference is amounts that are not approved by the PCLD.
	Missan Oil (state Partner) – 5%	11,847,663			
	Total	236,953,266	225,105,603	10,100,558	.
West Qurna /1	ExxonMobil	66,042,109	196,905,314	- 130,863,205	ExxonMobil disclosed the total amount related to all partners according to its claim. It also disclosed data on cash basis, unlike PCLD
	Petrochina	66,042,109	66,042,098	11	The difference is caused by the numbers after the comma in the participation rate.
	Itochu Oil	39,625,265	30,725,562	8,899,703	The reason for the difference is the PCLD released previously disputed costs. There is also difference between requested payments and approved payments.
	Pertamina	20,201,116	20,201,116	0	
	Oil Exploration Company (state partner) – 5%	10,100,558			
	Total	202,011,157	313,874,090	- 121,963,491	
Missan	CNOOC	226,210,760	354,840,408	0	The company disclosed the total amount related to all partners, which matches the PCLD records.
	TPAO	39,919,546			
	Iraqi Drilling Company (state partner) – 25%	88,710,102			
	Total	354,840,408	354,840,408	0	
Halfaya	Petrochina Halfaya	59,325,167	59,314,316	10,851	The difference is because PCLD released previously disputed costs.

	Petronas	29,662,583	33,373,733	-3,711,149	The reason for the difference is the PCLD disclosed data according to the accrual basis, while the company disclosed data according to the cash basis. In addition to the partial payments related to lifting oil.
	Total S.A	29,662,583	0	29,662,583	The company disclosed the total amounts of lifted oil without differentiating between recovery costs and remuneration fees. The amount of the company has been included in the matching of the oil costs and additional recovered costs..
	Basra Oil (state partner) – 10%	13,183,370			
	Total	131,833,704	92,688,049	25,962,285	
Majnoon	Shell	8,295,779	9,758,467	-1,462,689	Shell did not provide its data, noting that it and Petronas withdrew from the Majnoon field and the Basra Oil Company was assigned to develop the field within the framework of national efforts, in accordance with the withdrawal notice dated June 30, 2018 signed by all relevant parties (Ministry of Oil, Basra Oil Company, Shell and Petronas)). Although the company did not disclose its data, but by reviewing the commercial lists sent from it as a main contractor, and we set the amounts related to the company according to the percentage of its participation. Therefore, the difference is due to the addition of profitability over the reduction amounts for the years (2013-2014-2015) and for the month of October 2017.
	Petronas	5,530,519	15,628,251	-10,097,732	The reason for the difference is the PCLD disclosed data according to the accrual basis, while the company disclosed data

					according to the cash basis. In addition to the difference between the amount requested by the company and the amount approved by the PCLD.
	Missan Oil (state partner) – 25%	4,608,766			
	Total	18,435,063	25,386,718	-11,560,421	
Garraf	Petronas	27,239,051	27,637,131	-398,080	The reason for the difference is the PCLD disclosed data according to the accrual basis, while the company disclosed data according to the cash basis
	JAPEX	18,159,367	21,962,840	-3,803,473	The reason for the difference is the PCLD disclosed data according to the accrual basis, while the company disclosed data according to the cash basis
	North Oil (state partner) – 25%	15,132,806			
	Total	60,531,224	49,599,971	-4,201,553	
West Qurna /2	Lukoil	152,775,806	161,034,013	42,667,062	The amount requested by the company includes state partner's share, and the difference is due to deductions and the release of previously disputed sums.
	North Oil (state partner) – 25%	50,925,269			
	Total	203,701,075	161,034,013	42,667,062	
Badra	Gazprom	0	0	0	Remuneration fees were not disbursed due to the insufficiency of the maximum recovery of petroleum costs and Remuneration fees, noting that the total Remuneration fees according to the commercial lists for the four seasons of 2018 were equivalent to \$ 178,584,256.
	Kogas	0	0	0	
	Petronas	0	0	0	
	TPAO	0	0	0	
	Oil Exploration Company (state partner) – 25%	0			
	Total	0	0	0	

Ahdeb	Waha Oil	169,561,370	226,081,827	0	The amount requested by the company includes state partner's share.
	SOMO (state partner) – 25%	56,520,457			
	Total	226,081,827	226,081,827	0	
Fayhaa (block 9)	Kuwait Energy	16,668,921	27,781,535	0	Kuwait Energy Company disclosed the total amount related to all partners, which matches the PCLD records.
	Dragon Oil	8,334,460			
	Egyptian General Petroleum Corporation	2,778,153			
	No state partner	0			
	Total	27,781,535	27,781,535	0	
Total	2,135,696,443	2,030,910,813	9,500,835		

Reconciliation of the income tax of international companies operating within the licensing rounds

Service contracts signed under licensing rounds require international oil companies to pay an income tax of 35% of the contractor's taxable profits under the law, which is represented by remuneration fees collected during the relevant tax year.

The General Tax Authority - Department of Senior Taxpayers - has prepared detailed tables for each of the fiscal years 2017-2018-2019 in terms of showing the amounts of tax due and paid, in addition to providing a review on the reasons for the failure to complete the tax accounting for the aforementioned years. The details of the taxes related to the international companies operating within the licensing rounds can be viewed in a file entitled "General Tax Authority - Transparency 2017-2018-2019" on the IEITI website (http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_05_24_02.pdf).

The international companies operating within the licensing rounds pay their taxes according to their registration in Iraq, including with the General Tax Authority, so they pay their taxes according to their total profitability and not according to each license (for example, Petronas is a partner in three licenses, but its registration is one and pays in total).

The following is the details of the tax amounts due according to the field for the year 2018:

Field's name	Company's name	Tax according to Remuneration (Iraqi Dinars)
Rumaila	Petrochina	131,180,656,128
	British Petroleum	134,727,875,952
	Total	265,908,532,080
Zubair	Eni	41,360,666,460
	Kogas	23,636,088,264
	Total	64,996,754,724
West Qurna /1	Petrochina	27,737,689,392
	ExxonMobil	27,737,689,392
	Itochu Oil	16,642,608,804
	Pertamina	8,484,463,908
	Total	80,602,451,496
Missan	CNOOC	95,008,519,152
	TPAO	16,766,209,260
	Total	111,774,728,412
Halfaya	Petronas	12,456,006,420
	Petrochina	24,912,012,840
	Total S.A	12,456,006,420
	Total	49,824,025,680
Majnoon	Petronas	2,204,817,992
	Shell Iraq development	14,280,287,208
	Total	16,485,105,200
Garraf	Petronas	11,440,401,324
	JAPEX	7,626,943,216
	Total	19,067,344,540
West Qurna /2	Lukoil	64,165,838,628
	Total	64,165,838,628
Ahdeb	Waha Oil	71,215,775,404
	Total	71,215,775,404
Fayhaa	Kuwait Energy	7,000,946,808
	Dragon Oil	3,500,474,000
	Egyptian General Petroleum Corporation	1,166,824,464
	Total	11,668,245,272
Total		755,708,801,436

As for reconciliation, we have reconciled the amounts due with the amounts paid to each of the concerned companies for the year 2018 as follows:

Company's name	Amount of tax due According to Remuneration (Iraqi Dinars)	Tax paid (Iraqi Dinars)	Difference (due minus payment) (Iraqi dinars)
Petronas	26,101,225,736	417,507,226	25,683,718,510
JAPEX	7,626,943,216	3,283,036,000	4,343,907,216

Petrochina	183,830,358,360	182,299,310,000	1,531,048,360
Total S.A	12,456,006,420	7,794,062,000	4,661,944,420
British Petroleum	134,727,875,952	132,707,000,000	2,020,875,952
Eni	41,360,666,460	41,015,994,331	344,672,129
kogas	23,636,088,264	23,636,089,000	-736
ExxonMobil	27,737,689,392	23,380,258,000	4,357,431,392
Itochu Oil	16,642,608,804	12,569,031,245	4,073,577,559
Lukoil	64,165,838,628	49,369,914,521	14,795,924,107
Shell Iraq development	14,280,287,208	0	14,280,287,208
Kuwait Energy	7,000,946,808	6,907,600,862	93,345,946
Dragon Oil	3,500,473,404	3,500,474,000	-596
Egyptian General Petroleum Corporation	1,166,824,464	0	1,166,824,464
Waha Oil	71,215,776,000	71,215,776,000	0
CNOOC	95,008,519,152	45,652,653,901	49,355,865,251
TPAO	16,766,209,260	0	16,766,209,260
Pertamina	8,484,463,908	7,585,419,792	899,044,116
Total	755,708,801,436	611,334,126,878	144,374,674,558
Percentages		81%	19%

One of the most important reasons for the differences is because of the exchange rate difference on the one hand, and due to non-refundable costs on the other hand, which have not yet been resolved with the Ministry of Oil. Also, Shell, which withdrew during 2018, did not extinguish all its profits, and did not pay its income tax.

Other Revenues

These payments made by SOEs to the government (specifically to the MoF) represent the government's share of the companies' net distributable profits (in accordance with Law No. 22 of 1997). These payments from SOEs to the government are deposited with the MoF. For the purposes of this report these data have been reported unilaterally by the Ministry of Finance (the government body receiving the payments). The government's share of 45% of companies' net distributable profits is calculated and recorded as a liability until it is paid. Noting that these companies' financial statements are not audited by the Federal Board of Supreme Audit.

The table below represents the amounts received by the Ministry of Finance from state-owned companies operating in the extractive sector during the year 2018 which are related to the year 2017.

State-owned Companies	Amount in IQD	Amount in USD
SOMO	226,498,217,296	191,622,857
Iraqi Drilling Company	80,835,605,263	68,388,837
North Oil Company	66,917,363,755	56,613,675
South Oil Company	4,000,000,000	3,384,095
Missan Oil Company	52,095,093,668	44,073,683
Midland Oil Company	12,769,030,019	10,802,902
Total	443,115,310,001	374,886,049

The table below also represents the treasury share of state-owned companies operating in the extractive sector for the year 2018.

State-owned Companies	Amount in IQD	Amount in USD
Oil Products Distribution Company	0	0
South Refineries Company	205,825,616,887	174,133,348
SOMO	0	0
North Oil Company	28,635,495,481	24,226,308
Missan Oil Company	50,708,092,723	42,900,248
Iraqi Oil Tanker Company	0	0
Gas Filling Company	0	0
Midland Refineries Company	324,678,375,786	274,685,597
Oil exploration company	16,695,974,030	14,125,190
South Gas Company	0	0
Middle Oil Company	70,945,032,920	60,021,178
Basra Oil Company	325,277,732,293	275,192,667
Thi Qar Oil Company	28,782,491,231	24,350,669
North Refineries Company	65,416,904,872	55,344,251
Total	1,116,965,716,223	944,979,455

Production Costs Of State-Owned Companies (Internal Service Payments)

The table below represents the value of internal service payments made by the MoF through SOMO to the NOCs to cover the cost of production that is exported on a monthly basis. These payments have been reconciled between SOMO and the national extractive companies due to their importance. According to the Economic Directorate of the MoO, amounts transferred from the MoF to SOMO, in respect of the costs of national production that is exported, are transferred to the respective national oil companies based on each company's need for cash flows.

Company	Amount according to SOMO (IQD)	Amount according to the company (IQD)	Difference (IQD)
North Oil Company	314,625,000,000	314,625,000,000	0
Midland Oil Company	85,300,000,000	85,300,000,000	0
Missan Oil Company	232,750,000,000	232,750,000,000	0
Thi Qar Oil Company	83,800,000,000	83,800,000,000	0
Basra Oil Company	447,700,000,000	447,700,000,000	0
Total	1,164,175,000,000	1,164,175,000,000	0

KRG Revenue

The KRG revenue data related to the oil sector was obtained through quarterly (not audited) reports that were published on the KRG website. These reports cover the export and consumption of crude oil for the period from January 1, 2018 to December 31, 2018, with the net amount received for 2018 sales and related activities by the Kurdistan Regional

Government amounting to \$ 4,343,741,250. Additional prepayments by buyers for future sales were \$ 190,598,002.

We have compiled the above-mentioned quarterly reports on the IEITI website in a file called "Kurdistan Regional Reports for the Year 2018" (http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_05_08_36.pdf - http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_05_09_37.pdf).

First Semester (1/1/2018 to 31/3/2018)	
Description	Amount (USD)
Total value realized from oil and condensate sold	1,663,708,781
Change in buyers' account balances	428,760,513-
Interest and other fees from buyers	13,731,436-
Payments to oil producers on behalf of the Kurdistan Regional Government	459,263,330-
Payments to third parties on behalf of the Kurdistan Regional Government	336,819,106-
Additional net proceeds from the Pipeline License Agreement	223,455,047
Net amount received for thr period sales and related activities by the KRG	648,589,443

Second Semester (1/4/2018 to 30/6/2018)	
Description	Amount (USD)
Total value realized from oil and condensate sold	1,838,818,555
Change in buyers' account balances	201,654,971
Interest and other fees from buyers	9,213,610-
Payments to oil producers on behalf of the Kurdistan Regional Government	549,528,356-
Tariff payments to the Turkish Energy Corporation (TEC)	98,673,309-
Payment of debts to both the Turkish Energy Company and the Turkish Petroleum International Company (TPIC)	200,000,060-
Payments to third parties on behalf of the Kurdistan Regional Government	70,953,536-
Additional net proceeds from the PSA and Pipeline License Agreement	197,795,251
Net amount received for thr period sales and related activities by the KRG	1,309,899,906

Third Semester (1/7/2018 to 30/9/2018)	
Description	Amount (USD)
Total value realized from oil and condensate sold	2,262,409,784
Change in buyers' account balances	181,385,298-
Interest and other fees from buyers	7,597,119-
Payments to oil producers on behalf of the Kurdistan Regional Government	616,149,067-
Tariff payments to the Turkish Energy Corporation (TEC)	108,094,863-
Payment of debts to both the Turkish Energy Company and the Turkish Petroleum International Company (TPIC)	115,000,060-
Payments to third parties on behalf of the Kurdistan Regional Government	80,696,865-
Additional net proceeds from the PSA and Pipeline License Agreement	135,286,862
Net amount received for thr period sales and related activities by the KRG	1,288,773,374
Additional prepayments made by buyers for future sales	104,598,002

Fourth Semester (1/10/2018 to 31/12/2018)	
Description	Amount (USD)
Total value realized from oil and condensate sold	2,149,809,755
Change in buyers' account balances	91,569,430
Interest and other fees from buyers	9,913,068-
Payments to oil producers on behalf of the Kurdistan Regional Government	782,195,553-
Tariff payments to the Turkish Energy Corporation (TEC)	135,581,373-
Payment of debts to both the Turkish Energy Company and the Turkish Petroleum International Company (TPIC)	275,000,160-
Payments to third parties on behalf of the Kurdistan Regional Government	253,928,037-
Additional net proceeds from the PSA and Pipeline License Agreement	311,717,533
Net amount received for thr period sales and related activities by the KRG	1,096,478,527
Additional prepayments made by buyers for future sales	86,000,000

Some of the payments information of foreign companies operating within oil participation contracts in the KRG during the year 2018 was obtained from the following website

(<https://www.resourceprojects.org/country/iraq>), which includes available sources of information.

Company's Name	Type of Payment	Amount in USD
Gazprom	taxes	3,167,224
Genel Energy PLC	Production dues	169,900,000
Genel Energy PLC	Excellence	29,320,000
Genel Energy PLC	Payments for infrastructure development	6,290,000
Gulf Keystone Petroleum Limited	Production dues	190,077,000
Gulf Keystone Petroleum Limited	Excellence	45,419,000
Gulf Keystone Petroleum Limited	taxes	2,838,000
Gulf Keystone Petroleum Limited	Payments for infrastructure development	430,000
Gulf Keystone Petroleum Limited	Reward	16,000,000
Oryx Petroleum Corporation Limited	Production dues	8,790,000
Oryx Petroleum Corporation Limited	Excellence	34,180,000
Oryx Petroleum Corporation Limited	wages	5,450,000
Oryx Petroleum Corporation Limited	taxes	1,990,000
Rosneft	Reward	119,749,726
Shamaram Petroleum Corporation	Production dues	41,370,000
Shamaram Petroleum Corporation	Excellence	8,920,000
Shamaram Petroleum Corporation	Reward	2,340,000
Total S.A.	taxes	8,461,000
WesternZagros Development Unlimited Liability Company	Production dues	82,650,000
WesternZagros Development Unlimited Liability Company	Excellence	22,400,000
WesternZagros Development Unlimited Liability Company	Payments for infrastructure development	140,000
WesternZagros Development Unlimited Liability Company	Payments for infrastructure development	90,000
WesternZagros Development Unlimited Liability Company	Reward	2,000,000
Total		801,971,950

2-2 In-Kind Revenues

In-kind revenues are revenues that come from sales of the state's share of the production of extractive sector resources, which are collected in kind. There are no in-kind returns received by the Iraqi government.

2-3 Barter Agreements

SOMO entered into a barter contract on December 8, 2017 with the Iranian Oil Company (NICO Ltd), under the number SOMO/SW/171208/1702 for a period of five years, which relates to the delivery of specific quantities of Kirkuk crude oil transported by tanker cars to

Iranian terminals and refineries, and receiving the equivalent of Iranian crude oil in sea tankers from Iranian loading ports in the Arabian Gulf or through pipelines in exchange for exchange fees.

The total quantity loaded was 838,522 barrels with a value of \$ 67,895,126, and the quantity sold by the Iranian side on behalf of SOMO was 737,636 barrels with a value of \$ 59,726,387, and the remaining quantity on the Iranian side was 119,157 barrels with an estimated value \$ 8,168,739. The amount of the contractual fine amounted to \$ 2,192,272.

An amount of \$ 57,534,114 was amortized by the debts of the Iraqi Ministry of Electricity owed to the Iranian side, and a letter was sent from SOMO with the approval of the Minister of Oil on December 28, 2018 addressed to the Ministerial Energy Council to obtain approval to terminate the said barter contract and settle the remaining amount on the side. On December 18, 2018, the Energy Ministerial Council decided to complete the procedures for terminating the contract suspended since October 2, 2018, and settling the remaining amount on the Iranian side.

2-4 Transportation Revenues

In the event that the revenues from transporting oil, gas and minerals are material, it is expected that the government and companies will disclose what they receive from such revenues, noting that there are no transport revenues received by the government of Iraq.

2-5 Transactions related to state-owned entities

There are no substantial payments that companies pay to state-owned entities (public companies), but there are transfers that state-owned entities pay to the government related to the treasury's share of the profits of these institutions (mentioned in this report), and there are also transfers from the government to state-owned entities related to internal service wages. (Also cited in this report).

2-6 Payments at the regional and governorate levels

There are no material payments companies make to government entities at the sub-national level.

2-7 Level of data classification

The MSG (Multi-stakeholder Group) has approved the definition of a project as operating activities governed by a single contract, license, lease, concession, or similar legal agreement, and that form the basis of repayment responsibilities with the government. Thus, the definition of a single project has been applied as the license given to a company or consortium.

2-8 The Validity Date of the Published Data

The data should not be older than the second accounting period, as it was planned to issue the current report on December 31, 2020, but the IEITI has contacted the EITI initiative to request a delay in the issuance of the report for the year 2018 for a period of three months due to the force majeure caused by the Covid-19 pandemic.

2-9 Data Quality and Assurance

Audit and Assurance Procedures in State-owned Entities Working in the Extractive Sector

External audit procedures:

SOEs in federal Iraq maintain and report their accounts in accordance with the Unified Accounting System (UAS). They are audited by the Federal Board of Supreme Audit, in accordance with Law No. 31 of 2011 Law of The Board of Supreme Audit (as amended).

The Federal Board of Supreme Audit undertakes audit programs prepared in accordance with local accounting principles issued by the Council of Auditing and Accounting Standards of the Republic of Iraq, the details of which are published on the IEITI website.

In addition to the audits conducted by the board, the Board of Supreme Audit also provides technical assistance in the fields of accounting, oversight, and administration to SOEs (as per Article 6 of Law No. 31 of 2011).

Internal Controls

Internal controls adopted by SOEs include internal audit and control establishments, which operate in accordance with independently prepared work plans and mechanisms. In conducting their audits, the internal audit functions rely on activity-specific laws and regulations issued by the Council of Auditing and Accounting Standards of the Republic of Iraq. At year-end, financial statements are prepared by the financial departments, after they are audited and validated by the respective internal control functions, and the Internal Control Department at the ministry site. After completing their preparation, in accordance with the requirements of the Federal Board of Supreme Audit, the financial statements are presented to the Board of Supreme Audit to express its opinion on the financial statements.

Audit and Assurance Procedures in Governmental Entities

State offices and governmental entities that deal with the public wealth in taxing, expending, planning, exchanging, trading, or service producing are subjected to the financial control. Accordingly, the Federal Board of Supreme Audit conducts audit programs on the final accounts of the government bodies.

For more information on audit procedures in governmental entities and SOEs visit <http://ieiti.org.iq/ar/listing/terms-and-conditions>

Audit and Assurance Procedures in International Oil Companies (IOCs)

International oil companies operating in Iraq under licensing rounds contracts are required by the terms of their contracts to establish and maintain a branch office in the Republic of Iraq and to maintain such office for the term of the contract. Entities registered in Federal Iraq are required to prepare annual financial statements in accordance with Iraqi Uniform Accounting Standards (UAS), which are audited by an external auditor.

In addition to the audited financial statements of the IOCs, special purpose financial statements for each field are prepared in accordance with the terms of the service contracts, and are audited by external auditors in accordance with International Standards on Auditing (ISA).

Data Quality Assurance Measures

SOE's final accounts are audited by the FBSA. However, given the momentum of their work, all of the national companies' final accounts for the year 2018 have not been audited by the FBSA. Accordingly, the MSG decided to adopt the following quality assurance methods for the reporting SOEs:

- Where SOE final accounts are audited by the FBSA, the audited accounts of the SOEs are obtained
- Where final accounts are not yet audited and approved by FBSA (due to the delay described above), the companies' final accounts signed by the Internal Audit Committee and Board of Directors, are obtained
- In addition to the above, all reporting templates have to be signed and stamped by the company representative, confirming accuracy of the reported figures

In the case of international oil companies buying crude oil, the financial statements of these companies are audited by the international audit firms (external auditors). The financial statements of these companies include the results of their business operations, whether they relate to purchases from SOMO or from their other business activities carried out outside of Iraq. Therefore, some companies may not agree to disclose their audited financial statements. Accordingly, the MSG has decided to adopt the following data quality assurance measure to verify the accuracy of the data provided by these companies, as follows:

- Audited financial statements signed by the companies' external auditor
- Where audited financial statements are not provided, the approved quality assurance measure is to receive the invoices issued by SOMO to support the figures reported by the oil buyers in the reporting templates, and the underlying supporting documents
- In addition to the above, all reporting templates have to be signed and stamped by the company representative, confirming accuracy of the reported figures

In the case of international oil companies operating in Iraq under licensing rounds contracts, the MSG agreed to adopt the following quality assurance measures:

- Audited financial statements signed by the companies' external auditor
- Where audited financial statements are not provided, the alternative quality assurance measure is to receive the special purpose financial statements for the fields, signed by the field external auditor

As it relates to governmental reporting entities, the MSG decided to adopt the following data quality assurance measure to verify the accuracy of the data provided:

- Reported data has to be signed and stamped by the government entity representative, confirming accuracy of the reported figures

Some alternative measures have been taken to ensure data quality as follows:

- Approving the annual reports signed and certified by government-owned companies
- Approving financial statements of the crude oil sales deposit at the Federal Reserve Bank of New York
- Approving the inspection of the commercial lists of the licensing round companies.

Data quality for reporting entities

We determined the data quality for reporting agencies according to their type as follows:

State-owned companies

Receiving the annual reports approved by the General Manager of each of the state-owned companies concerned with disclosure. The unaudited financial statements of nine companies affiliated with the Ministry of Oil were received as follows: North Oil, Middle Oil, Missan Oil, Basra Oil, Oil Products Distribution Company, The Oil Exploration Company, the Iraqi Drilling Company, the Middle Refineries Company, and the South Refineries Company.

International oil companies operating in Iraq that lifted crude oil

We have identified and published all the data received in a file under the heading "Tables of the IEITI Report for the year 2018" published on the IEITI website within the following link (http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_36_53.xls), Noting that we have taken a fundamental step in ensuring the accuracy of the data we received (from companies and SUMO or only SUMO) in this regard, by reviewing all official correspondence that took place by these companies with SOMO, which confirms their receipt of shipments with their details.

International oil companies buying crude oil

We have identified and published all data received in a file under the heading "Tables of the IEITI Report for 2018" published on the IEITI website under the following link (http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_36_53.xls), noting That we have taken an additional step to verify all the data we have received (from companies and SOMO or only SOMO), by comparing it to the account statement of the Development Fund for Iraq, where all proceeds from Iraq's exports of crude oil, oil products and natural gas are deposited in the oil revenue account. , Which is an account of the Central Bank of Iraq with the Federal Reserve Bank in New York, and we have looked at all the details of the deposits for this account and compared them with all the shipments of international companies that buy crude oil (disclosed and non-disclosed), and we made sure that they are included in the aforementioned account statement. The Central Bank of Iraq (Investments Department - Oil Division) has prepared a summary of all deposits in the account related to crude oil exports. This summary has been included in the form of a database in the file called "Oil Credits Statement for 2018" on the IEITI website (http://ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_04_06_46.xls).

International oil companies operating in Iraq within the licensing rounds

We have identified and published all data received in a file called "The Tables of the IEITI Report for the Year 2018" published on the IEITI website within the following link (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_36_53.xls), noting That we have taken an additional step in terms of reviewing all the minutes of the ministerial committee to review the contracting companies' account lists for each quarter of 2018 and for each field, which includes details of the claims of the main operator and its partners, including the share of the government partner, their analysis and related approvals, as well as the commercial lists issued by Before the main contractor (operator).

We have identified and published all data received in a file under the heading "Tables of the IEITI Report for the Year 2018" published on the IEITI website within the following link (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_36_53.xls).

Reconciliation Process

The reconciliation process is based on reconciling relevant and credible data from two or more sources accompanied by appropriate explanation of differences. Reporting is made by the

concerned entities in accordance with the set criteria and requirements. Reporting entities were requested to report the requested data on a cash basis, since all governmental and state owned entities in Iraq apply the cash accounting basis in their financial reporting under the Iraqi Unified Accounting System. However, while SOMO's financial reporting is prepared on a cash basis of, SOMO reported cost recovery, remuneration fees, and income tax that were approved.

We demonstrated a detailed reconciliation process at the level of each shipment (not only at the buyer's level) for each shipment of crude oil export shipments, and according to some quantities of exported crude oil in the form of laden oil related to the payment of recovered costs and remuneration fees for licensing round companies, as we have the following:

- Reconciling shipments of crude oil between SOMO and international buyers at the level of each shipment and at the level of one buyer.
- Reconciling records of the Development Fund for Iraq with SOMO records and records of companies purchasing oil.
- Reconciling the costs recovered between the international oil companies operating in Iraq and the records of the PCLD.
- Reconciling remuneration fees between international oil companies operating in Iraq and the records of the PCLD.
- Reconciling the amounts of oil charged in favor of international oil companies operating in Iraq between their records and SOMO records.

We clarified the crude oil shipment reconciliation at the shipment level in the file entitled "Crude Oil Export and Lifting Reconciliation for 2018" on the IEITI website (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_59_04.xls).





Revenue Allocations

Requirement 5 of the EITI Standards

3-1 Distribution of Extractive Industries Revenues

Budget Process

According to Section 6 of the Financial Management and Public Debt Law No. 95 of year 2004 (as amended), the federal budget should be prepared in accordance with economic development plans, the pursuit of macroeconomic stability, economic policy, and applicable laws and regulations. In particular, the preparation of the federal budget should be based upon prudent and conservative forecasts for petroleum prices, petroleum production, and tax and customs revenue. According to the Law, the Ministry of Finance is responsible for preparing the federal budget projections in consultation with the Central Bank and other Ministries in their respective areas of expertise. By September of each year, the Minister of Finance completes the annual draft federal budget and submit it to the Council of Ministers (CoM) for approval. The budget is then submitted on 10 October to a body with national legislative authority for approval. According to section 7 of Law No. 95, after its approval, the annual federal budget is to be published in the Official Gazette thereby making it available to the public.

According to the fifth section of the Financial Management and Public Debt Law No. 95 of 2004 (amended), all oil revenues are recorded in the federal budget as follows:

Section 5 Managing oil revenues

“1) All proceeds from the sale of petroleum or otherwise derived from current and prospective petroleum extraction, including from the federal government’s production shares and royalties, and from the amounts paid in respect of a right to explore for petroleum resources, and any amounts derived from the investment of amounts in the petroleum revenue account, shall accrue to the budget. Except as provided in paragraph 2 of this section, below, or as may otherwise be required by applicable United Nations Security Council Resolutions (UNSCRs), the receipts from the export of petroleum shall be deposited into the Development Fund for Iraq (DFI) account, or a successor account to the DFI, hereafter generically referred to as the petroleum revenue account, and reflected accordingly as receipts and transfers to and from the budget.”

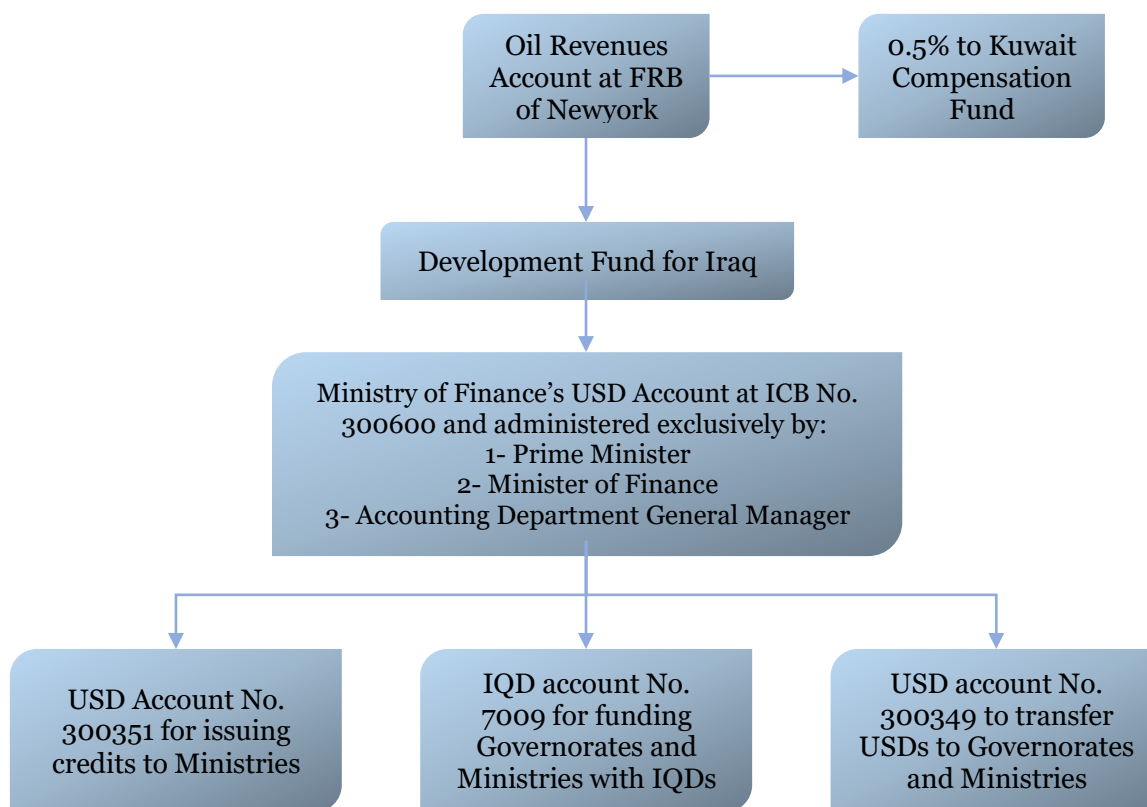
“2) Pursuant to United Nations Security Council Resolution No. 1483 (2003), and subsequent related UNSCRs, five percent (or any other percentage as may be determined by the United Nations Security Council or jointly by the internationally recognized, representative government of Iraq and the Governing Council of the United Nations Compensation Commission in accordance with UNSCR 1483) of the receipts from the export of petroleum shall be transferred to the Compensation Fund established in accordance with UNSCR 687 (1991) and subsequent relevant UNSCRs, and the balance of receipts from the export of petroleum shall be deposited into the petroleum revenue account. These transfers to the Compensation Fund shall be shown in the budget.”

The Council of the United Nations Compensation Committee issued its Resolution No. 272 for the year 2014 stipulating stopping the 5% deduction of the proceeds from exporting Iraqi oil (and its products) and gas for the period from October 1, 2014 until December 31, 2015. This Committee also issued its Resolution No. 273 of 2015 stipulating the continuation of stopping the 5% deduction for the period from January 1, 2016 until December 31, 2016. The suspension decision was extended for an additional year in accordance with the Compensation Committee Resolution No. 274.

The work was reinstated by deducting a percentage of the proceeds from exporting Iraqi oil (and its products) and gas at the beginning of 2018 in accordance with Committee Resolution

No. 275 of 2017, but in a progressive manner, whereby half a percent (0.5%) is deducted from the revenues of 2018, then one and a half percent (1.5%) of the revenues for the year 2019, then increasing it to three% (3%) during the year 2020 (<https://uncc.ch/decisions-governing-council>)

The following chart shows a practical illustration of how proceeds from export sales of oil, petroleum products and natural gas are deposited in accounts maintained by the Iraqi government in 2018, which are distributed later:



Cooperation between the Federal Government and the KRG

The Federal Budget Act estimates fixed revenue contribution figures from the KRG's crude oil exports as mentioned hereunder, in return for a 17% share of the total Iraqi budgeted revenues. For the year 2017, the Federal Budget Act estimates a fixed contribution of 250,000 bpd produced by KRG. However, in effect, the KRG did not transfer the budgeted contribution of oil export revenue to the federal government in 2018.

3-2 Subnational Transfers

According to the MoF, there are only two types of subnational transfers, whereby each governorate's share from the federal budget comes in two tranches: the petrodollar's allocation and the governorate's share in the Governorates Development Program.

Petrodollar Allocations and Transfers

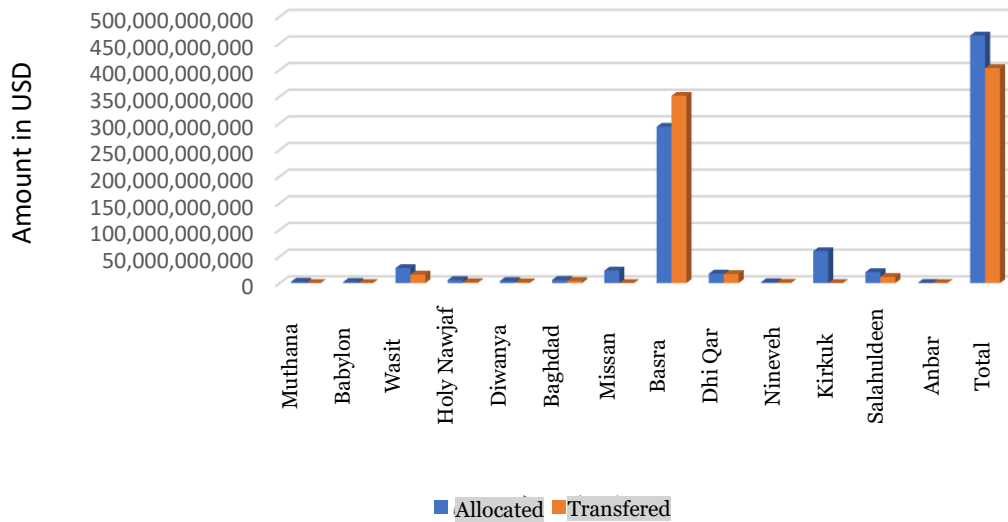
Below is a description of the methodology applied by the MoF for calculating petrodollar allocations (as presented by the MoF):

- Petrodollar allocations are calculated as 5% of the crude oil revenues produced in the governorate, or 5% of the refined oil revenues prepared in the governorate refineries or 5% of the natural gas revenues produced in the governorate. According to the Law, each governorate has the discretion to select from the revenue producing methods above.
- The quantities of crude oil produced, refined, and gas produced by governorate for the respective year are presented by the Ministry of Oil – Technical Directorate, and are verified by the relevant national oil companies.
- The disclosed quantities are then sent to the regulatory departments of the related producing governorates, for audit and reconciliation purposes. In case differences are identified, the Ministry of Oil is contacted to address such differences and to work on reaching final quantities to be reported to the committee formed under the Executive Order No. (9048) on 19 July 2019 for the purpose of validating the petrodollar calculation.
- The Ministry of Finance, the Ministry of Oil and the Ministry of Planning are informed of the calculations and are provided with statements showing the quantities sold from crude oil, refined oil or gas produced, for each producing governorate and according to the respective revenue producing method selected by the governorates.

The following table shows the petrodollar allocations that were calculated by the Ministry of Finance, the actual transfers that were made, and the differences between the amounts allocated and transferred for the year 2018:

Governorate	The amount allocated in the investment budget		Actual amount transferred		Untransferred Balance		Actual implementation percentage
	IQD	Counter Value in USD	IQD	Counter Value in USD	IQD	Counter Value in USD	
Muthana	2,472,617,500	2,091,893	0	0	2,472,617,500	2,091,893	0%
Babylon	2,129,359,000	1,801,488	126,725,000	107,212	2,002,634,000	1,694,276	6%
Wasit	27,999,592,000	23,688,318	15,906,893,460	13,457,609	12,092,698,540	10,230,709	57%
Najaf	5,773,355,000	4,884,395	1,548,525,415	1,310,089	4,224,829,585	3,574,306	27%
Diwaniyah	3,823,787,500	3,235,015	1,349,238,750	1,141,488	2,474,548,750	2,093,527	35%
Baghada	5,855,740,240	4,954,095	3,971,375,957	3,359,878	1,884,364,283	1,594,217	68%
Missan	23,364,045,000	19,766,536	0	0	23,364,045,000	19,766,536	0%
Basra	293,072,670,360	247,946,422	351,145,131,840	297,077,100	58,072,461,480	49,130,678	120%
Thi Qar	17,752,549,000	15,019,077	16,894,515,708	14,293,160	858,033,292	725,916	95%
Nineveh	1,677,847,500	1,419,499	616,503,350	521,576	1,061,344,150	897,922	37%
Kirkuk	59,788,414,000	50,582,415	0	0	59,788,414,000	50,582,415	0%
Salahuddin	20,471,205,500	17,319,125	11,602,179,531	9,815,719	8,869,025,969	7,503,406	57%
Anbar	312,802,000	264,638	73,775,000	62,415	239,027,000	202,223	24%
Total	464,493,984,600	392,972,914	403,234,864,011	341,146,247	61,259,120,589	51,826,667	%87

Petrodollar Allocations and Transfers



According to the Economic Directorate at the Ministry of Finance, the difference between the amounts allocated and settled from petrodollar allocations is generally due to insolvency, and we were not able to obtain further details in this regard.

Governorates' Development Program Allocations and Transfers

The purpose of the Governorate Development Program is to finance the reconstruction projects of all governorates in Iraq, including those within the KRG. The Federal Budget Act determines an amount for the Governorate's Development Program, which is distributed to the governorates in accordance with an estimate of the population of each governorate.

As stipulated in the Federal Budget Act for 2018, the governor in each governorate must submit a development plan for the governorate to the Ministry of Planning, approved by the provincial council. The MoP assesses and approves the submitted plans, taking into consideration the most affected areas within the governorate. Once the Ministry of Planning approves the plan, the allocations are distributed internally by the governorates based on districts and sub-districts relative population size, after setting aside amounts allocated for strategic projects that benefit more than one area or district, given that strategic projects costs do not exceed 20% of the total GDP allocation to the province/governorate.

According to the MoF, no allocations were made to the KRG governorates during 2018, as no plans were submitted by the KRG governorates to the MoP.

According to the Government Investment Programs Directorate at the MoP, the methodology applied in calculating the governorate development program allocations is the following:

- 1- The amount allocated in the federal budget is used
- 2- The materiality of each governorate is calculated as follows:

$$\text{Governorate materiality} = \frac{\text{Number of residents in the year of distribution}}{\text{Total number of residents in Iraq during the year}} * 100$$

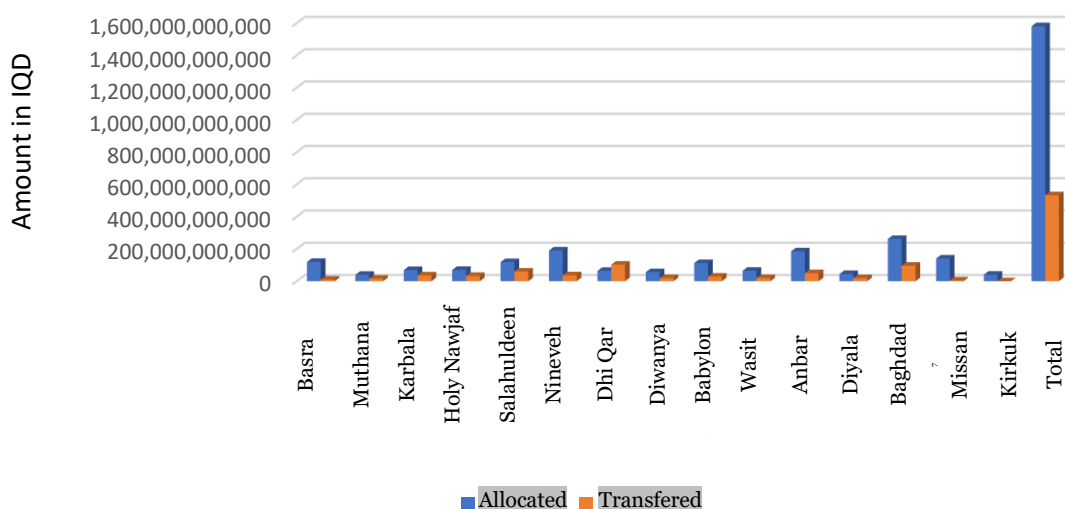
3- The following equation is done to determine the allocation for each governorate:

$$\text{Governorate allocation} = \frac{\text{Total allocation as per federal budget} * \text{governorate materiality}}{100}$$

The following table shows the allocations for developing regions that were calculated by the Ministry of Finance, the actual transfers that were made, and the differences between the amounts allocated and transferred to the development of regions for the year 2018:

Governorate	The amount allocated in the investment budget		Actual amount transferred		Un Transferred Balance		Actual implementation percentage
	IQD	Counter Value in USD	IQD	Counter Value in USD	IQD	Counter Value in USD	
Basra	119,988,979,000	101,513,519	9,977,272,100	8,441,009	110,011,706,900	93,072,510	8%
Muthana	40,154,090,000	33,971,311	15,907,153,285	13,457,828	24,246,936,715	20,513,483	40%
Karbala	69,377,187,000	58,694,744	36,339,951,691	30,744,460	33,037,235,309	27,950,284	52%
Najaf	70,130,300,000	59,331,895	33,263,277,938	28,141,521	36,867,022,062	31,190,374	47%
Salahuddin	118,370,498,000	100,144,245	60,157,985,572	50,895,081	58,212,512,428	49,249,164	51%
Nineveh	190,592,930,000	161,246,134	36,724,050,597	31,069,417	153,868,879,403	130,176,717	19%
Thi Qar	64,140,165,000	54,264,099	103,069,070,553	87,198,875	38,928,905,553	32,934,776	161%
Diwaniyah	56,448,133,000	47,756,458	19,786,969,889	16,740,245	36,661,163,111	31,016,212	35%
Babylon	112,807,555,000	95,437,864	28,504,024,510	24,115,080	84,303,530,490	71,322,784	25%
Wasit	65,053,099,000	55,036,463	19,839,021,743	16,784,282	45,214,077,257	38,252,180	30%
Anbar	185,358,186,126	156,817,416	50,363,731,059	42,608,910	134,994,455,067	114,208,507	27%
Diyala	44,727,302,000	37,840,357	18,828,148,768	15,929,060	25,899,153,232	21,911,297	42%
Baghdad	262,293,938,161	221,906,885	96,049,986,475	81,260,564	166,243,951,686	140,646,321	37%
Missan	140,774,481,000	119,098,546	4,675,295,890	3,955,411	136,099,185,110	115,143,135	3%
Kirkuk	40,555,880,000	34,311,235	0	0	40,555,880,000	34,311,235	0%
Total	1,580,772,723,287,	1,337,371,170	533,485,940,070,	451,341,743	1,047,286,783,217	886,029,427	%34

Governorates' Development Program Allocations and Transfers



According to the Economic Directorate at the Ministry of Finance, the difference between the amounts allocated and paid from the allocations for developing regions and governorates is generally due to insolvency, and we were not able to obtain further details in this regard.

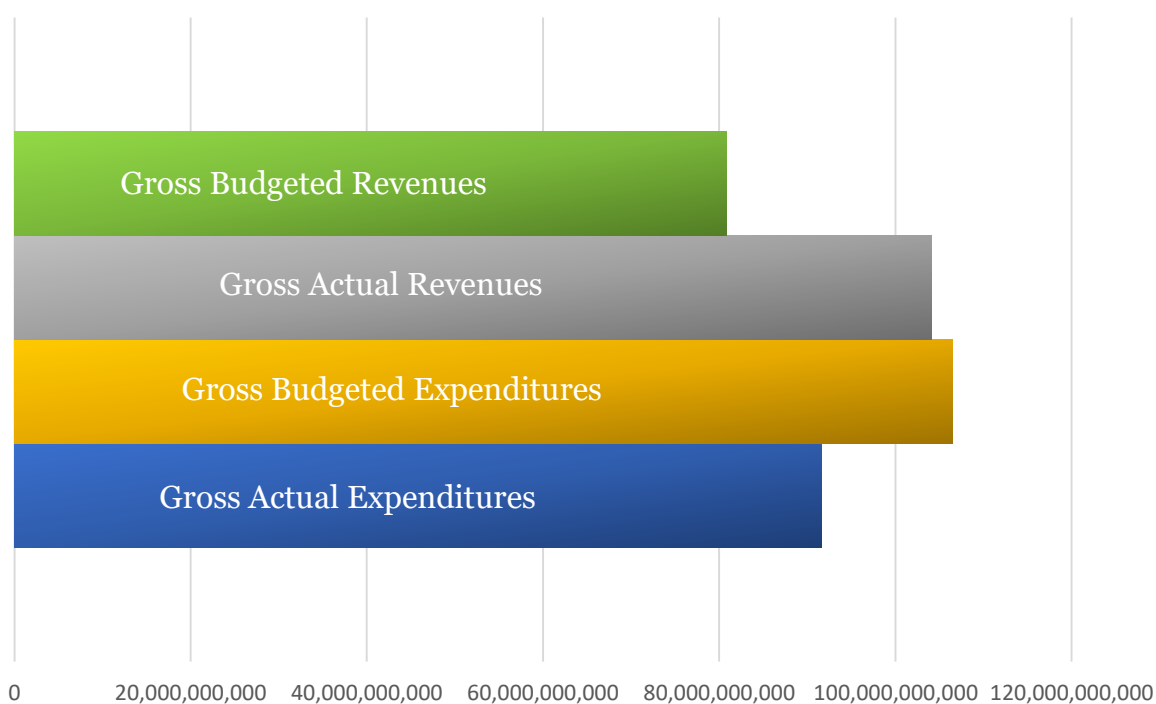
3-3 Revenue and Expenditure Management

An overview of the federal budget for 2018

The Federal Budget Law for the year 2018 was published in the Iraqi newspaper Al-Waqa'yat (Official Gazette) on April 2, 2018, and the current budget was included at the end of 2018 in order to compare the items of the planned budget with the actual implementation during the year (not audited until the date of this report):

clause	Budget estimates	Amount (thousand IQD)	Current budget amounts - actual (thousand IQD)	The difference "actual minus the estimate" (thousand IQD)	The percentage of the difference between the actual and planned amount
1 (Total of clause 2 and 3)	Total revenue	91,643,667,236	106,467,376,920	14,823,709,684	16%
2	Oil revenue	77,160,392,640	96,062,935,842	18,902,543,202	24%
3	Non-oil revenue	14,483,274,596	10,404,441,077	4,078,833,519-	-28%
4 (Total of clause 5 and 6)	Total expenses	104,158,183,734	80,873,188,748	-23,284,994,986	-22%

5	Current expenses	79,508,071,596	67,052,856,085	12,455,215,511	-16%
6 (otal of clause 7 and 8)	Total investment expenditures	24,650,112,138	13,820,332,663	10,829,779,475	-44%
7	Investment spending from the treasury	19,133,793,788			
8	Investment spending by foreign loans)	5,516,318,350			
9 (clause 1 minus clause 4)	Total deficit (surplus)	-12,514,516,498	25,594,188,172	38,108,704,670	



Federal Budget audit

Section 11 (Article 6) of the Financial Management and Public Debt Law No. 95 of year 2004 (as amended), requires the Minister of Finance to prepare and submit annual final accounts of the federal budget to the Federal Board of Supreme Audit (FBSA) by 15 April of the succeeding year, for external audit. The FBSA is required to prepare an audit report on the final accounts by 15 June, and the Council of Ministers shall submit the final accounts and the related audit report to the body vested with national legislative authority on 30 June (in practice, the national legislative authority is the Council of Representatives (CoR)) .

According to FBSA, the annual final accounts of Iraq for 2018 has not been audited. The importance of issuing the final accounts lies in the fact final accounts are a representation of

actual implementation of the federal budget and thus displays how the state departments have spent the funds allocated and funded by the Ministry of Finance.

DFI account audit

In accordance with Article 12 of the UN Council Resolution, the DFI account is to be audited by independent public accountants. The audited financial data for the year 2018 related to the fund has been added on the IEITI website under the heading “Financial Statements of the Development Fund for Iraq-2018” under the following link: (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_50_08.pdf).



Social Expenditures

Requirement 6 of the EITI Standards

4-1 Social Expenditures by the Extractive Companies

Social expenditures are contributions made by international oil companies operating in the extractive industries to the public, specifically to the areas surrounding oil fields, which are negatively impacted by the activities of the extractive sector. These contributions are made with the purpose of improving the standard of living, and the economic and social well-being of the impacted areas. There are two types of social expenditures in Iraq:

- Social contributions mandated through legislation or contracts with the government - mandatory social expenditures (details of mandatory social expenditures are described)
- Social contributions made at the discretion of the international oil companies - voluntary social expenditures

Mandatory Social Expenditures

There are two types of mandatory social expenditures in Iraq, which are the following:

- i. International oil companies' social expenditures mandated by the Council of Minister's Energy Committee: as per the Council of Minister's (Energy Committee) Resolution Number 139 of 23 December 2013, international oil companies working in Iraqi fields are obliged to pay an annual amount of up to USD 5 million per service contract, as social benefits to the areas surrounding fields and exploration blocks in which they operate. According to the resolution, these expenses are to be recorded under the contractors' recoverable petroleum costs, and are therefore, reimbursed to the contractor. Mandatory social expenditures incurred by IOCs are made in direct coordination with the local governorates and national oil companies. The MSG has determined that the value of mandatory social expenditures made by IOCs during 2018 are not material, as compared with total extractive sector revenue (payments made account to less than 1% of total extractive sector revenues) . Therefore, such payments have not been included in the scope of reconciliation. For the purpose of this report, disclosure of mandatory social expenditures was requested from the International oil companies operating in Iraq under technical service contracts (specifically the field operators)
- ii. According to Article 11 of the Public Companies Law No. 22 of 1997 (as amended), state-owned entities are required to pay 5% of net profit on social projects. These amounts are paid directly by the national companies, and are allocated as follows:
 - 25% to be paid to the Health Insurance Fund
 - 20% to be paid to the Social Security Fund
 - 20% to support the MoO Guest House (which is used to create the necessary accommodation and hospitality for oil sector delegates, official visitors, and foreign delegations) and the Oil Cultural Center (60%:40%, respectively)
 - 5% to support sports clubs in Iraq
 - 15% to support residential investment projects in Iraq
 - 15% to be allocated to various social initiatives (such as the construction of schools and nurseries, and support of social service projects)

The MSG has determined that the value of mandatory social expenditures (social contributions) made by the national companies during the year 2018 is immaterial, as compared with the total extractive sector revenues, and has therefore decided to exclude such payments from the scope of reconciliations.

The Petroleum Contracts and Licensing Directorate PCLD at the Ministry of Oil is updating a database for all these expenditures, which we have added in a file under the title "Social

Expenditures - Contracts Directorate Database” published on the IEITI website under the following link (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_47_44.xls) we have also compiled the disclosures of some licensing round companies about mandatory and voluntary social expenditures and training in a file under the title " Expenditures and Training" published on the IEITI website under the following link (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_46_19.xls).

Voluntary social expenditures are social expenditures that are disposed of at the discretion of the international oil companies. Voluntary social expenditures are non-refundable expenditures, referred to in service contracts (Annex C) as "any costs, fees or expenses including donations related to public relations or improving the image of the operator". The Board agreed that the value of voluntary social expenditures provided by international oil companies during 2018 is relatively insignificant, compared to the total revenues of the extractive sector. Therefore, for the purposes of this report, unilateral voluntary social expenditures (IOCs) are presented.

According to the disclosures of some licensing round companies, mandatory benefits of \$ 32 million were established during 2018, as well as training projects within the Training Fund with an amount of about \$ 148 million during the same year.

We have compiled the unaudited final financial statements of nine public companies affiliated with the Ministry of Oil, where we showed how the profits of these companies are distributed in a file under the heading “The Tables of the IEITI Report for the Year 2018” published on the IEITI website at the following link (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_36_53.xls), and we include below a summary of how the profits of these nine companies are distributed:

Account (amounts in Iraqi dinars) *	The total is in Iraqi dinars	Counter value in USD (1 USD = 1,182 IQD)
The net distributable surplus (deficit)	5,933,603,808,146	5,019,969,381
Less: Social protection share 1%	59,336,038,080	50,199,694
Ninety percent of the forty percent of the surplus is to develop productive factories	82,551,788,311	69,840,768
Ten percent of forty percent of the surplus is to develop housing units	9,172,420,924	7,760,085
The net surplus after deducting the social protection share	5,782,543,560,831	4,892,168,833
The surplus is distributed in accordance with the provisions of Companies Law No. 22 of 1997 (amended) as follows:		-
Treasury share 45%	4,024,862,840,085	3,405,129,306
Associate share 33%	666,284,464,413	563,692,440
Research and development share 7%	137,726,723,073	116,520,070
Social services share 5%	98,376,445,052	83,228,803
Capital reserve share	415,729,880,013	351,717,327
To the general reserve	439,562,908,194	371,880,633

* *The differences in some numbers (the surplus after deducting the social protection share multiplied by the relevant percentage) result from the differences between the accounting profit and the commercial profit.*

The only mandatory social expenditures in the mining sector are the 5% payments made by profitable SOEs. Since there were no profitable mining sector SOEs during 2018, no payments were expected.

4-2 Quasi Fiscal Expenditures

The International Monetary Fund (IMF) defines quasi-fiscal activities as fiscal activities that are “often introduced by simple administrative decision, are not recorded in budgets or budget reporting, and typically escape legislative and public scrutiny. They are introduced by governments to achieve a variety of objectives, such as promoting certain activities, redistributing income or collecting revenue”.

According to the MSQ, quasi-financial expenditures do not apply in Iraq, but despite this, it is possible to consider not calculating commercial interest on debts owed by the Ministry of Electricity in favor of public companies affiliated with the Ministry of Oil, as the details of these debts have been included in the chapter "More Transparency".

4-3 The contribution of the extractive sector to the economy

Iraq depends heavily on oil due to its possession of large oil reserves. Oil has become the main engine for most of its economic activities, production, trade and financial.

According to the final (unaudited) statements of public finance for the year 2018, we note that there is a clear increase in the percentage of oil revenues' contribution from public revenues, as they accounted for 89.7% of public revenues, while other revenues, in total, did not constitute 10.3% of public revenues, represented by taxes On wealth and income 3.2%, commodity taxes and production fees 2.1%, other revenues 1.6%, transfer revenues 1.5%, fees 1.0%, the budget share of public sector profits 0.8%, capital revenues 0.1%.

According to the annual economic report for the year 2018 issued by the Central Bank of Iraq, the gross domestic product (at the cost of production factors) with oil recorded a decrease of one percent compared to 2017, to record (1.199) trillion dinars compared to (201.1) trillion dinars in 2017, which is due to a decrease Both the total annual production of crude oil and the daily average of production during this year at a rate of (1.3%) each. While the value of GDP excluding oil decreased by (0.4%) to reach (71.2) trillion dinars, compared to (71.5) trillion dinars in 2017.

Crude oil activity is the main engine for growth, as the relative importance of this sector is the highest compared to other sectors, as it reached at constant prices (63.7%) compared to (64%) for the previous year, while most other economic activities (non-oil) did not It takes its required role in the development process, as its contribution reached (36.3%) of the total GDP for this year compared to (36%) in 2017.

According to the World Bank, in the midst of the events stemming from the Covid-19 pandemic, Iraq's future economic prospects are challenging. The collapse of international oil prices and other unfavorable global conditions, including disrupted production and supply chains, are expected to severely damage Iraq, and this will lead to a 5% contraction of its economy in 2020 compared to 2019.

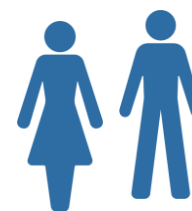
The following table shows the gross domestic product by activities at current prices for the year 2018:

Economic activities	Billion IQD	Relative share of GDP (at basic current prices)
Agriculture, forestry and fishing	4,898	%1.9
Mining and quarrying: crude oil	117,856	%46.3
Mining and quarrying: Other types of mining	342	%0.1
Manufacturing industry	4,510	%1.8
Electricity and water	7,359	%2.9
building and Construction	10,685	%4.2
Transportation, communication and storage	26,688	%10.5
Wholesale and retail trade, hotels and the like	19,519	%7.7
Money, insurance, and real estate services: banking and insurance	4,599	%1.8
Money, insurance, real estate and business services: home ownership	14,686	%5.8
Social and Personal Development Services: General Government	36,020	%14.2
Social and personal development services: personal services	7,206	%2.8
Total by activities	254,367	%100
Less: the calculated service fee	3,302.2	
Gross domestic product	251,064.5	

According to the annual report for exports for the year 2018 issued by the Central Bureau of Statistics of the Federal Ministry of Planning, the value of crude oil exports amounted to about 99 trillion dinars for the year 2018, an increase of 40.7% over the year 2017, and the value of oil products exports reached about 403 billion dinars for the year 2018, an increase of about 100% compared to 2017.

The following table shows the total value of exports for the years 2017 and 2018:

Commodity Exports	2017		2018		Percentage of Annual Change
	Billion IQD	Million USD	Billion IQD	Million USD	
Crude Oil	70,400	59,560	99,069	83,815	40.7%
Oil Products					
Naphtha	201	170	399	337	98.2%
asphalt	0	0	5	4	
Total Oil Products	201	170	404	342	100.7%
Basic Commodity Exports	349	292	1,212	1,025	247.6%
Total Exports	70,950	60,022	100,685	85,182	41.9%



Employment in the extractive industries

The total number of employees at the Ministry of Oil and its affiliated companies reached 127,246 employees during the year 2018, as in the same year, there were 108,992 male employees and 19,774 female employees working in the Ministry of Industry and Mining, including its affiliated companies. In international companies operating in Iraq, not all of them disclosed the details of their workforce, but there is a partial disclosure.

(Source: Administrative and Financial Department at the Federal Ministry of Oil)

Employment in the <i>Oil and Gas</i> Sector (Iraq)		
#	Company	Number of Employees
1	Ministry of Oil	1,389
2	North Oil Company	11,209
3	Midland Oil Company	3,215
4	Moissan Oil Company	4,746
5	Basra Oil Company	26,646
6	Thi Qar Oil Company	2,422
7	Oil exploration company	2,232
8	Iraqi Oil Tanker Company	432
9	Iraqi Drilling Company	7,792
10	North Refineries Company	8,506
11	Midland Refineries Company	6,902
12	South Refineries Company	7,247
13	North Gas Company	3,242
14	Gas Filling Company	6,892
15	South Gas Company	5,028
16	Oil Products Distribution Company	21,804
17	State Company for Oil Projects	3,359
18	Oil Pipelines Company	309
19	SOMO	306

20	Heavy Engineering Equipments State Company	1,658
21	Petroleum Research and Development Center	333
22	Oil Training Institute / Baghdad	522
23	Oil Training Institute / Baiji	330
24	Oil Training Institute / Basra	457
25	Oil Training Institute / Kirkuk	204
26	Guest House	30
27	Oil Cultural Center	34
Total		127,246

Employment in the oil and gas sector (licensing rounds) - partial disclosure								
The Company's name	Number of male local employees	Number of female local employees	Percentage of local-male employees	Percentage of female local employees	Number of non-Iraqi male employees	Number of non-Iraqi female employees	Percentage of non-Iraqi male employees	Percentage of non-Iraqi female employees
Waha Company	251	9	96.54%	3.46%	94	10	90.38%	9.62%
British Petroleum	6743		100%		465		100%	
Chinese Zhenhu ya	0	0	0.00%	0.00%	74	6	92.50%	7.50%
CNOOC	546	11	98.03%	1.97%	238	18	92.97%	7.03%
Eni Iraq B.F.	9	3	75.00%	25.00%	447	30	93.71%	6.29%
ExxonMobil	0	0	0.00%	0.00%	223	25	89.92%	10.08%
Inpex Southern Iraq Ltd.	1	0	100.00%	0.00%	1	0	100.00%	0.00%
Kogas crutch	1	1	50.00%	50.00%	21	2	91.30%	8.70%
Kuwait Energy Iraq	114	2	98.28%	1.72%	35	3	92.11%	7.89%
LUK-OIL MED-EAST LIMITED	565	21	96.42%	3.58%	470	32	93.63%	6.37%

LUKOIL OVER CIS EXPLO RATION Iraq B.V	2	0	100.00%	0.00%	32	2	94.12%	5.88%
PetroChina International Iraq FZE	1420	22	98.47%	1.53%	383	24	94.10%	5.90%
Petronas Craigali Iraq Holding B.V.	453	42	91.52%	8.48%	289	13	95.70%	4.30%

(Source: Technical Department at the Federal Ministry of Industry and Minerals)

Employment in the Industry and Minerals Sector (Iraq)						
#	Company	Employees				
		Males	Females	Total	Males Percentage	Females Percentage
1	General Directorate of Industrial Development	88	81	169	52%	48%
2	State Company for manufacturing cars and equipment	4,848	576	5,424	89%	11%
3	State Company for Engineering Inspection and Qualification	237	155	392	60%	40%
4	State Company for the Design and Execution of Projects	592	308	900	66%	34%
5	State Company for Electronic Systems	469	198	667	70%	30%
6	State Company for Communication and Power Equipment	2,146	180	2,326	92%	8%
7	Al Faris State Company	1,554	73	1,627	96%	4%
8	State Company for Steel Industries	3,139	318	3,457	91%	9%
9	State Company for Hydraulic Industries	1,398	202	1,600	87%	13%
10	State Company for Brass and Mechanical Industries	3,175	178	3,353	95%	5%
11	The General Military Industries Corporation	22,521	1,734	24,255	93%	7%
12	Diyala State Company	1,723	506	2,229	77%	23%
13	State Company for Electrical and Electronic Industries	2,341	583	2,924	80%	20%
14	Ur State Company	2,539	330	2,869	88%	12%

15	The General Phosphate Company	2,723	111	2,834	96%	4%
16	State Company for Petrochemical Industries	5,415	616	6,031	90%	10%
17	State Company for Southern Fertilizers Industry	2,572	276	2,848	90%	10%
18	State Company for Rubber and Tires Industries	2,260	271	2,531	89%	11%
19	Al Furat State Company for Chemical and Pesticides Industries	1,217	179	1,396	87%	13%
20	State Company for Mining Industries	1,504	245	1,749	86%	14%
21	State Company for Construction Industries	3,958	521	4,479	88%	12%
22	State Company for Iraqi Cement	10,286	882	11,168	92%	8%
23	State Company for Glass and Refractories	2,196	265	2,461	89%	11%
24	State Company for Medicines and Medical Supplies / Samarra	3,387	926	4,313	79%	21%
25	State Company for Food Industries	6,924	1,334	8,258	84%	16%
26	State Company for Textile and Leather Industries	9,517	7,209	16,726	57%	43%
27	Ibn Majid State Company	1,381	88	1,469	94%	6%
28	State Company for Mishraq Sulfur	911	36	947	96%	4%
29	State Company for Iron and Steel	4,530	335	4,865	93%	7%
30	Al-Zawraa State Company	1,102	237	1,339	82%	18%
31	Iraqi Geological Survey	401	259	660	61%	39%
32	Industrial Research and Development Authority	340	298	638	53%	47%
33	Northern State Company for Fertilizers	1,128	22	1,150	98%	2%
34	Ministry of Oil Headquarter	470	242	712	66%	34%
Total		108,992	19,774	128,766	85%	15%

4-4 The environmental impact of extractive activities

Several documents have been obtained from the Studies and Planning Department of the Ministry of Oil that include Iraqi environmental laws and legislations, as well as some environmental impact studies for:

- Yamama wells
- offshore pipelines
- Nahrawan field
- Bazerkan field
- Reservoir water supplies for the Rumaila field

- Determine the scope for Toba-Faw pipes
- Siba gas field
- Garraf field
- Exploration Block 9
- Exploration Block 12
- Joint Sea Water Project

It is possible to obtain these above studies by contacting the Studies and Planning Department at the Ministry of Oil.

5

Legal and Fiscal Framework

Requirement 2 of the EITI Standards

5-1 Legal Framework and the fiscal System

The Legal Framework for the Extractive Industries

The legal framework for the oil and gas sector in the Republic of Iraq is set forth in the Constitution of Iraq, which was approved for by the Iraqi people in referendum on 15 October 2005. The relevant provisions of the constitution provide as follows:



Article 111: Oil and gas are owned by all the people of Iraq in all regions and governorates.

Article 112: First: The federal government, with the regional governments and producing governorates, shall undertake the management of oil and gas extracted from present fields, provided that it distributes its revenues in a fair manner in proportion to the population distribution in all parts of the country, specifying an allotment for a specified period for the damaged regions which were unjustly deprived of them by the former regime, and the regions that were damaged afterwards in a way that ensures balanced development in different areas of the country, and this shall be regulated by a law.

Second: The federal government, with the producing regional and governorate governments, shall together formulate the necessary strategic policies to develop the oil and gas wealth in a way that achieves the highest benefit to the Iraqi people using the most advanced techniques of the market principles and encouraging investment.

The study of the legal frameworks governing the extractive and mining sectors in Iraq has been published on the IEITI website, (http://ieiti.org.iq/mediafiles/articles/doc-561-2018_11_25_11_15_43.pdf) which includes an overview of some of the legislations that regulate the mining, oil and gas sectors.

Furthermore, The Iraqi National Oil Company Law No. 4 of 2018 was passed to resurrect the Iraqi National Oil Company (INOC), which was founded in 1964 and disbanded in 1987. The new company is supposed to assume operational authority of the oil sector. According to the INOC Law No. 4 of 2018, the INOC aims to make the best use of the oil and gas resources in the field of oil and gas exploration, rehabilitation, field development, production, marketing and all related activities.

The companies transferred to INOC ownership, as per the Law, are:

- Iraqi Oil Exploration Company
- Iraqi Drilling Company
- Basra Oil Company
- North Oil Company
- Missan Oil Company
- Midland Oil Company
- Thi Qar Oil Company
- State Organization for Marketing of Oil (SOMO)
- Iraqi Oil Tankers Company

The Law was published in the Iraqi Gazette in Issue No. 4486 dated 9 April 2018. In early 2019, Iraq's Federal Supreme Court ruled that nine articles of the law were unconstitutional. To date, a board of directors has not been formed for the INOC; as all ministerial decrees

related to the formation of a board of directors have been annulled. The INOC law was discussed at the Ministry of Oil, in which the MoO set the below listed possible action points:

- Keeping the law without the nine articles appealed by the Federal Supreme Court
- Drafting new articles to replace the unconstitutional nine articles
- Preparing of a new draft INOC law

Further to the legal reforms stated above, the MSG has identified the following planned reforms in the extractive sector in federal Iraq:

- Reconsideration of the Organization of Ministry of Oil Law No. 101 of 1976 (as amended): Ministry of Oil Law No. 101 of 1976 was enacted in 1976. Due to developments in the oil sector, the government and Ministry of Oil decided to redraft this law in line with developments in the oil industry.
- Preparation of the necessary amendments or redrafting the National Oil Company Law No. 4 of 2018 after the federal court's decision to revoke the constitutionality of nine articles of the law.
- Drafting the measurement and standardization Law relating to crude oil and other products: the draft Law has been prepared to replace the measurement and standardization instructions, to give it the force of law and to work towards standardizing the measurement mechanisms for all national oil companies.

Unlike the Federal Government, the Regional Government of Kurdistan passed an Oil and Gas Law - Oil and Gas Law of the Kurdistan Region – Iraq Law No. 22 of 2007, which entered into force on 9 August 2007.

According to Article 5 of the Oil and Gas Law No. 22 of 2007, the Regional Council is responsible for formulating the general principles of petroleum policy, prospect planning and field development, and any modifications to those principles, in the Region. The Law provides that the Regional Council shall be established as follows:

First: The Prime Minister - President

Second: The Deputy Prime Minister - Deputy President

Third: The Minister of Natural Resources - Member

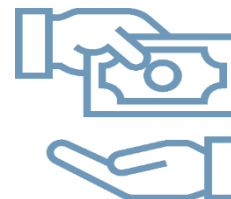
Fourth: The Minister of Finance and Economy - Member

Fifth: The Planning Minister – Member

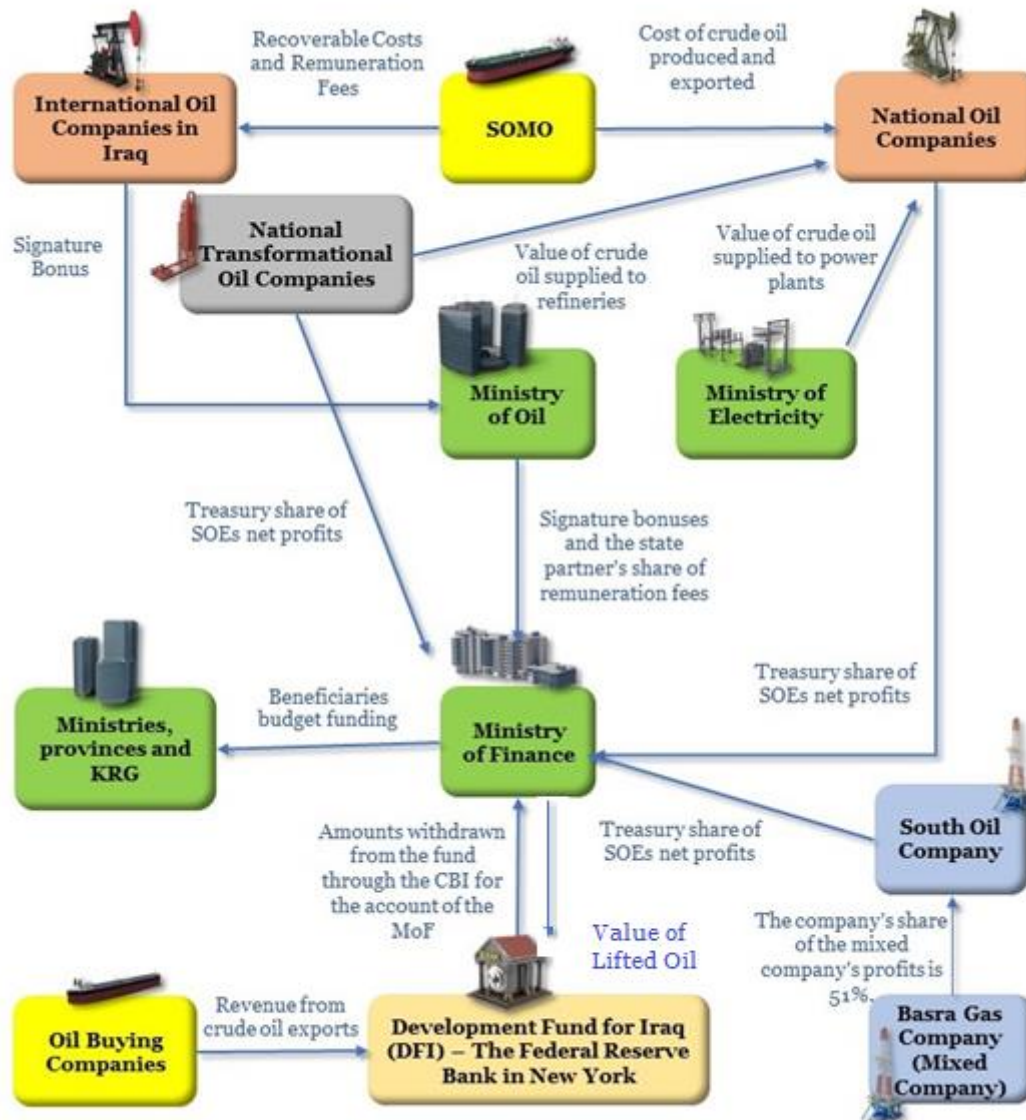
As stated on the MNR's website: "The Ministry of Natural Resources is the sole authorized signatory of production-sharing agreements with companies willing to invest in the exploration of hydrocarbons and mineral resources in the region. The ministry is also the authority awarding licenses for transportation and storage infrastructure, hydrocarbons and minerals production operations as well as refining, petrochemicals and retail operations".

Financial framework for the extractive industries

- ❖ All crude oil produced by national efforts and under licensing rounds contracts (excluding Kurdistan Region) flows to:
 - SOMO for export of crude oil to external markets
 - Oil refineries for refining crude oil and the production of oil products
 - Power plants for electricity generation
- ❖ Internal Service Payments are paid on a monthly basis by the Ministry of Finance (through SOMO) to national oil companies to cover the cost of production that is exported. As of 2016, the MoO extended ISP to the Oil Exploration Company due to its involvement in the extraction activities, and therefore indirect involvement in the export process.
- ❖ The value of crude oil supplied to refineries and power plants is transferred to the national extractive oil companies.
- ❖ All proceeds from the export of crude oil are deposited by the international oil buyers into the Oil Proceed Receipt Account (OPRA), held at the Federal Reserve Bank of New York (FRBNY). Ninety nine point five percent (99.5%) of the proceeds are transferred to the Development Fund for Iraq (DFI) held at the FRBNY. The remaining zero point five percent (0.5%) of crude oil export proceeds are transferred to the UN Compensation Fund for Kuwait.
- ❖ Basrah Gas Company is a mixed sector company, which is 51% owned by South Gas Company. South Gas Company accordingly receives its share of BGC's net profits in accordance with its ownership interest (51%).
- ❖ All state-owned entities are required by Law to allocate 45% of the distributable portion of net profits to the Ministry of Finance as "treasury share" remittances.
- ❖ The international oil companies operating in Iraq go directly to the Tax Authority to settle the taxes they owe.
- ❖ The MoO transfers to the MoF amounts in respect of:
 - Signature bonus amounts paid by the IOCs to the MoO
 - State partner share of remuneration fees paid during the year
- ❖ The Ministry of Finance distributes funds to the different ministries and governorates, as per budgetary allocations.



The following chart shows the financial relations between the federal government and the extractive companies in the oil and gas sector, including state-owned companies in the federal Iraq:



As for the financial relations between the federal government and the extractive companies in the mining sector, including state-owned companies in federal Iraq, they are summarized as follows:

- Revenues generated from the sale of produced minerals are paid to the accounts of the extractive industrial companies.
- All state-owned entities are required by Law to allocate 45% of the distributable portion of net profits to the Ministry of Finance as “treasury share” remittances.
- The Ministry of Finance distributes funds to the different ministries and governorates, as per budgetary allocations.

Tax framework of Extractive industries

As per the Income Tax Law, the CIT liability within the tax return should be computed by applying the applicable CIT rate (35% for a company operating in the oil and gas sector) to a taxpayer's taxable income, whereby the latter is based on the net profit as reported in the audited IUAS financial statements, adjusted for any non-deductible expenses and tax-exempt income. In addition, taxable losses should be available to offset against future taxable income up to 50% of the year's taxable income for five consecutive years.



The Ministry of Oil's standard service contract includes tax provisions that are inconsistent with the Income Tax Law in Iraq. According to Article 23 (Taxes) of a typical service contract:

“23.3 For the avoidance of doubt, it is the understanding of the Parties that the sole tax liability of Contractor under this Contract shall be corporate income tax at a rate not to exceed 35% levied on the Remuneration Fee calculated in accordance with Article 19.5. SOC shall secure that the provisions of the relevant Law are consistent with this understanding and afford Contractor such treatment under the Contract and the Law.

23.4 In the event Contractor is subject to any demand to pay other taxes (other than corporate income tax in accordance with Article 23.3) SOC shall bear and pay on behalf of Contractor all such other taxes and shall indemnify and hold Contractor harmless against any and all liabilities relating to the payment of such other taxes.”

Therefore, as per the service contract, taxable income to which the 35% CIT rate would apply is equal to the remuneration fees.

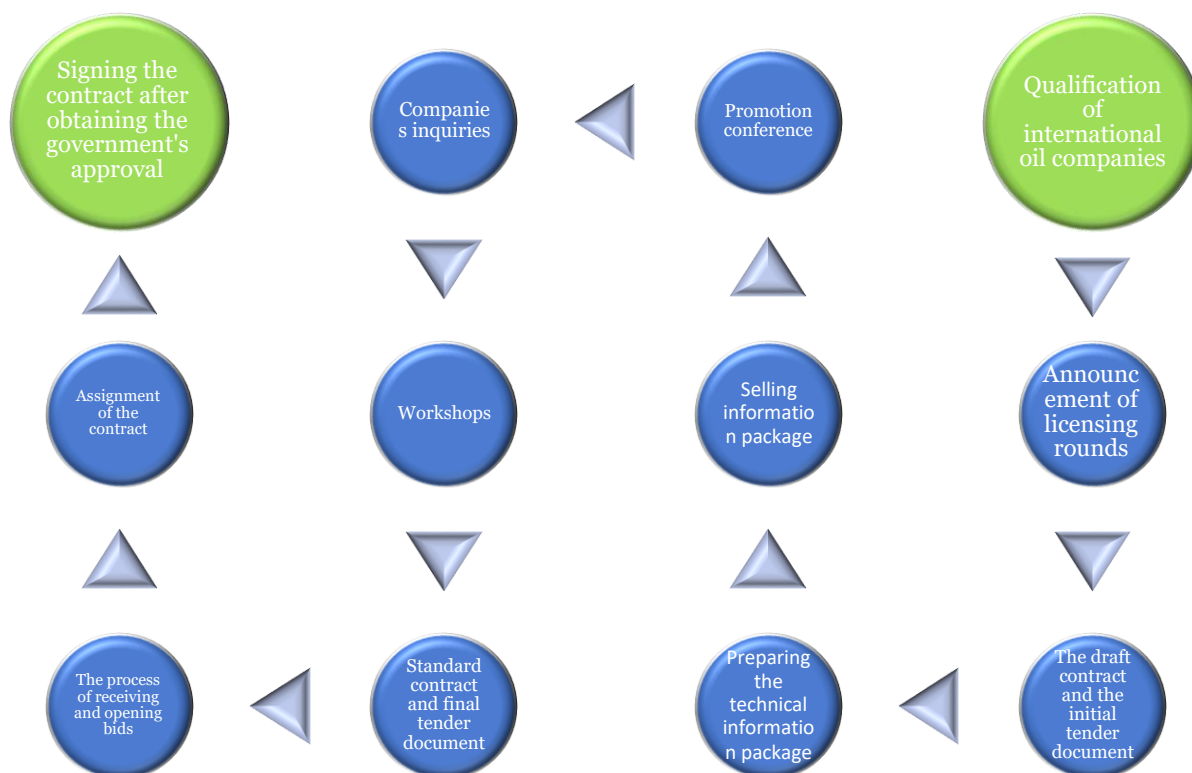
5-2 Contracts and Licenses Allocation

Iraq conducted five oil and gas licensing rounds, which were held in June 2009, December 2009, October 2010, May 2012, and most recently in April 2018. Under these licensing rounds, the Iraqi Ministry of Oil, through its wholly owned subsidiaries, signed service contracts (technical service contracts (TCSs), development and production service contracts (DPSCs), and exploration, development and production contracts (EDPCs)) with international oil companies (IOCs).

Under these service contracts, the winning consortium or company becomes a “Contractor” for the national oil company, which varies by field/exploration block. The national oil company is referred to as a Regional Oil Company (ROC) in the service contracts and is contractually defined as an Iraqi state oil and gas company, exclusively entrusted with and authorized for exploration, appraisal, development and production of the contract area, in accordance with the Law. The geographical areas (fields/blocks) were originally allocated to the national oil companies in accordance with the Organization of the Ministry of Oil Law No. 101 of 1976 (as amended).

The Extractive Industries Transparency Initiative in Iraq has published a detailed explanation of the licensing process through licensing rounds And information for each round through a study entitled "Service contracts for licensing rounds, what's for it and what's on it" on its website. (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_31_46.pdf) Prepared by the former Director General of PCLD at the Ministry of Oil, and the fifth round licenses were approved by the Council of Ministers in its session held on January 21, 2020, but the contracts had not been signed until the date of this report.

The following figure summarizes the stages of licensing:



Below is a presentation of bidding information and evaluation criteria for each licensing round, as provided by the Petroleum Contracts and Licensing Directorate:

First Licensing Round:

The first petroleum-licensing round was announced on 30 June 2008, under which the Ministry of Oil announced the opportunity for IOCs to bid to develop six oil fields (Rumaila, Zubair, West Qurna (first stage), Missan fields, Kirkuk, and Bai Hassan) and two gas fields (Akkas and Mansuriya). Eighty five out of 120 participating companies were eliminated in the pre-qualification phase. The licensing round lasted for one year, and on 30 June 2009, four oil fields were awarded. The following two parameters were used for calculating the bid score of the bidding companies/consortium in the first licensing round:

- 1) **Plateau Production Target (PPT):** “means (a) in the case of an Oil Field, the Net Oil Production Rate, or (b) in the case of a Gas Field, the Net Dry Gas Production Rate to be achieved and sustained for the Plateau Production Period in the relevant approved Development Plan.” The higher the guaranteed production the better.
- 2) **Remuneration Fee Bid (RFB):** the RFB is the remuneration fee the consortium accepts per produced barrel once it reached the plateau production target. The lower the fee, the higher the company would score

The formula used for selecting the winning bidder, which was disclosed by the PCLD, is the following:

$$\text{Bid score} = (\text{PPT-IPR}) * (50-\text{RFB})$$

The Initial Production Rate (IPR) is the baseline production capacity of the field before awarding the field to the company or consortium, which is defined by the MoO and shared with the participants. The MoO sets a pre-defined maximum remuneration fee (MRF), and the consortium achieving the highest bid score is invited to reconcile the ministry's maximum remuneration fee (MRF). If declines, the consortium with the second highest score is then invited to do the same. If it also declines, the contract for the field remains un-awarded.

Second Licensing Round:

The second licensing round offered by the Government of Iraq occurred during the period 11-12 December 2009. Ten major oil fields were included in the second licensing round, which resulted in deals for seven fields (Halfaya, Majnoon, Qaiyarah, Badra, Garraf, Najmah and West Qurna 2). The three fields that were not awarded were East Baghdad, the Eastern Fields and Middle Furat. Thirty one out of 40 companies who applied for qualification were eliminated in the pre-qualification phase of the second bidding round.

The formula used for selecting the winning bidders in the second licensing round, which was disclosed by the PCLD for the purpose of the EITI reporting, is the following:

Bid score = RFB bid score + PPT bid score
 RFB bid score = $80 * (\text{Lowest RFB/Bidder RFB})$
 PPT bid score = $20 * (\text{Bidder PPT/Highest PPT bid})$

Third Licensing Round:

In the third licensing round, three gas fields were offered and awarded; Akkas, Siba, and Mansuriya. According to PCLD license register, 33 out of 54 participating companies were eliminated in the qualification phase of the third bidding round.

The formula used for selecting the winning bidders in the third licensing round is the following:

Bid score = RFB bid score + PPT bid score
 RFB bid score = $90 * (\text{Lowest RFB/Bidder RFB})$
 PPT bid score = $10 * (\text{Bidder PPT/Highest PPT bid})$

Fourth Licensing Round:

Iraq's fourth round of bidding was held in May 2012 and offered twelve blocks for development. Unlike the previous rounds, which focused largely on expanding existing production, the blocks offered in the fourth round were unexplored and had undetermined levels of hydrocarbons. Hence, the only criteria for scoring bidding companies was RFB per BOE (barrels of oil equivalent), whereby the lower the RFB per BOE offered by a company/consortium, the higher the score it achieved.

Fifth Licensing Round:

The fifth licensing round was announced during mid- 2017, and is therefore out of the scope of this EITI report. Under the fifth licensing round, 11 fields and exploration border blocks were offered. Five of eight new companies were qualified and a total of 26 companies participated in the bidding round. The fifth licensing round was concluded on 26 April 2018, and six of the 11 projects were awarded, as follows:

1. Gilabat-Qamar contract area was awarded to Crescent Company
 2. Khashim Ahmer-Injana contract area was awarded to Crescent Company
 3. Naft Khana contract area was awarded to Geo – Jade Company
 4. Huwaiza contract area was awarded to Geo – Jade Company
 5. Sindbad contract area was awarded to UEG Company
-

6. Khader Al Mai contract area was awarded to Crescent Company

The two criteria used for scoring the bidding companies are as follows:

- 1- Maximum Remuneration Percentage Bid (MRPB):** The maximum remuneration percentage that can be granted to a company, which was determined by the MoO
- 2- Remuneration Percentage Bid (RPB):** the remuneration percentage offered by the company where, the bidding companies' RPB should be equal to or lower than the MRPB.

The Council of Ministers approved the licenses for the fifth round in its session held on January 21, 2020, but the contracts had not been signed until the date of this report.

Mining and Minerals Sector

There were no licensing rounds announced or conducted in the Iraqi mining sector to date (as per MoIM declaration). According to the MoIM, Investment Law No. 13 of 2006 (as amended) and the Law of Mineral Investment No. 91 of 1988 govern the mineral sector investment in Iraq. The Iraqi Geological Survey and Mining Company (Geosurv-Iraq) is an establishment of the ministry, which is responsible for carrying out geological surveys and mineral explorations, promoting mining projects in the private and public sectors, and conducting environmental impact studies. Geosurv-Iraq is also responsible for implementing the Mineral Investment Law No. 91 of 1988 (as amended), whereby it offers a number of investment opportunities including investments in phosphate, free sulfur, sulphate, silica sand, red clay, brick clay and others .

In accordance with the Mineral Investment Law No. 91 of 1988, the MoIM contracts with private and public-sector companies, by allocating specific mineral quantities to the companies through the assignment of quarries for specified periods of time.

A description of the methodology applied by mining sector in contracting has been published on the IEITI's website (<http://ieiti.org.iq/ar/listing/reports-and-publications/iraqi-publications?p=0>). The methodology was disclosed by the Ministry of Industry and Minerals, as the process is applied by national mining companies when contracting with private and public companies, in accordance with Public Companies Law No. 22 of 1997 and based on Article 4 (section 9) of the Ministry of Industry and Minerals Law No. 38 of year 2011 (as amended). The methodology presented was formally adopted in Ministerial decision dated 16 January 2019 .

The Licensing Process in KRG

the roles of the Ministry of Natural Resources (MNR) and the Regional Council for Oil and Gas Affairs (RCOGA) are stipulated by law. The RCOGA is in charge of formulating the sector's policies and approving contracts. The MNR is responsible for the development of natural resources in the region as per Articles 6 to 9 of Chapter 4 of Kurdistan's Oil & Gas Law (Law No. 22 of 2007).

The process for signing PSCs with IOCs is briefly described on the KRG's website, as follows: "The procurement process at the Ministry of Natural Resources involves joint input from both the oil companies and the ministry, to ensure that a competitive, fair and transparent bidding process is conducted. In line with our procurement policy, the ministry ensures that all registered bidders are invited to tender where applicable, all the while ensuring an open-door policy so that bidders, as we refer to them, or subcontractors are able to voice concerns.

The procurement process is conducted by the international oil company (IOC), however it allows for the joint management committee to monitor the process at various steps. The management committee chairman (a member of the ministry) along with his fellow members

and advisers are required to approve the bid strategy, to ensure that a fair procurement procedure has been designed that involves all registered participants and does not handicap any of the tenderers without firm justification. During the process, technical and commercial recommendations are evaluated by both the IOC and the ministry, with the management committee chairman from the ministry providing final approval.

The involvement and advice of both the ministry and the IOC in the procurement process has helped to develop trust and transparency in the system, allowing for open technical and commercial discussions that ultimately promote the service sector in the region in support of oilfield operations”.

5-3 Licenses Register

The IEITI has prepared a register of petroleum licenses and their amendments from data made available to it by PCLD, as this record includes basic information for these licenses, and updates related to them in terms of modifying participation rates or adding/withdrawing partners from the coalition. This record was published on the IEITI website under a file entitled “Petroleum Licensing Register and Its Amendments-2020” on (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_28_06.pdf).

During 2018, ownership and quota changes took place within the licensing contracts, which are governed by the provisions of Article 28 of the service contracts for petroleum licensing rounds, whereby the share of Shell (a member of the contractor's consortium for West Qurna field\1) was transferred to the Japanese Itochu Company (19 and 8\3 percent), as follows:

Shell submitted a written request to the Basra Oil Company (the first party to the contract) requesting that its share in the aforementioned field be transferred to the Itochu Company, where the request was studied by the Ministry and Basra Oil, given that Itochu Company is one of the companies qualified by the Ministry to participate in contracts Licensing rounds, and Basra Oil Company’s unwillingness to acquire Shell’s share according to Paragraph (28.3) of the contract. Shell’s request was approved, and Amendment No. 5 to the service contract for the development of West Qurna Field\1 was signed, under which Itochu Company became one of the contracting parties in that contract instead of Shell.

The Majnoon field contract was abandoned during the year 2018, as Paragraph (8.2) of the concerned contract governs this, so Shell submitted a formal request to terminate the contract with the reasons behind it and the request of its partner in the consortium, the Malaysian Petronas Company, then the aforementioned request was studied and a number of contracts meetings and workshops with the operator (Shell Company) resulted in acceptance of the request, and an agreement to terminate the contract between Shell and Basra Oil Company was signed and was effective as of June 30, 2018, as the contract is currently being managed by the national effort by the Basra Oil Company.

The tables below show the existing licenses in Federal Iraq during 2018, which were granted within the four licensing rounds that were conducted between 2009 and 2012, in addition to the licensing information related to the fifth round that was conducted in 2018 which was

Field Name		
<p>RUMAILA</p> <p>*The field is located 50km to the west of the city of Basra, southern Iraq. Rumaila encompasses an area of 1,000 square kilometers, extending approximately 50km north to south and 20km west to east, with the main structure consisting of two domes. South Rumaila and North Rumaila. Rumaila is said to be the largest oilfield ever discovered in Iraq, and is considered the third largest oil field in the world.</p>		
Licensing Round • First	Licensing (Application) Round Date • June 2009	Type of License • Production Service Contract
Signature Date • 3 November 2009	Council of Ministers' Authorization Date • Resolution 127 for year 2009	Effective Date • 17 December 2009
License Period • 25 Years	Location • Basra Governorate	First Contracting Party • Basra Oil Company - BOC
Current Participating Interests • British Petroleum (46.4%) • Petrochina (46.4%)	State Partner Interest • Oil Marketing Company - SOCO (4%)	Operator • British Petroleum
Type of Productions • Crude Oil	Producing or Non-Producing Field • Producing	Initial Production Rate • 1,000,000 Barrels Per Day
First Commercial Production • 1,000,000 Barrels Per Day	Current Production Level for December of 2018 • 40,000,000 Barrels Per Month	Signature Bonuses • None (a)
Remuneration Fees for the year of 2018 • 673,327,814 US Dollars	Petroleum Cost Recovery Fees for the year of 2018 • 1,816,934,914 US Dollars	Supplementary Costs for the year of 2018 • 1,000,000 US Dollars
Taxes for the year of 2018 • 214,390,443 US Dollars	Non- Recoverable Expenditures during year 2018 • None	Mandatory Social Expenditures during year 2018 • 3,458,850 US Dollars

approved later in the year 2020. Al-Ahdab field and East Baghdad field information were listed as licenses that were granted outside the five licensing rounds.

Data on licenses granted outside the five licensing rounds

No licensing round (oil and gas field)											
Field	Consortium	%	State Partner	License Holder	Operator	Contract Signature Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR)	Initial Production Target (10%)	First Commercial Production (barrels)
Ahdeb	Al-Waha Petroleum Co. Ltd	75	SOMO (25%)	MdOC	Al-Waha Petroleum Co.	1-Sep-2008	10-Nov-2008	20 years	N/A	N/A	25,000
Sharq Baghdad (southern part)	China Shenhua Energy Co. Ltd.	90	NOC (10%)	MdOC	China Shenhua Energy Co. Ltd.	24-May-2018	24-May-2018	25 years	N/A	N/A	1,500

First licensing round data

1st round (oil fields)											
Field	Consortium	%	State Partner	License Holder	Operator	Contract Signature Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR)	Initial Production Target (10%)	First Commercial Production (barrels)
Rumaila	British Petroleum (BP)	47.63	SOMO (6%)	BOC	British Petroleum (BP)	3-Nov-09	17-Dec-09	25 years	1,066,000	1,172,600	1,172,600
	Petrochina	46.37									
Zubair	ENI	41.56	MOC (5%)	BOC	ENI B.V.	22-Jan-10	18-Feb-10	25 years	182,775	201,053	201,053
	BOC*	29.69									
	KOGAS	23.75									
West Qurna (Phase 1)	Exxon Mobil	32.69	OEC (5%)	BOC	ExxonMobil	25-Jan-10	18-Mar-10	20 years (extended to 25 years)	244,000	268,400	268,400
	SHELL	19.61									
	Petrochina	32.69									
	Pertamina	10									
Missan fields (Abu Gharib, Buzurgan, Al-Fakkah)	CNOOC Iraq	63.75	IDC (25%)	MOC	CNOOC Iraq	17-May-10	20-Dec-10	20 years	88,000	96,800	96,800
	TPAO	11.25									

Second licensing round data

2nd round (non-producing oil fields)											
Field	Consortium	%	State Partner	License Holder	Operator	Contract Signature Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR)	Initial Production Target (10%)	First Commercial Production (barrels)

West Qurna (Phase 2)	LUKOIL Mid-East Ltd	75	NOC (25%)	BOC	LUKOIL Mid-East Ltd	31-Jan-10	10-Feb-10	25 years	N/A	N/A	120,000
Majnoon (This license has been withdrawn and production is currently done by national efforts)	Shell	45	MOC (25%)	BOC	Shell	17-Jan-10	1-Mar-10	20 years	45,900	N/A	175,000
	Petronas	30									
Halfaya	Petrochina	45	BOC (10%)	MOC	Petrochina	18-Jan-10	1-Mar-10	30 years	3,100	N/A	7,000
	PETRONAS	22.5									
	Total	22.5									
Garraf	PETRONAS	45	NOC (25%)	TQOC ¹	PETRONAS	26-Jan-10	10-Feb-10	20 years	N/A	N/A	35,000
	JAPEX	30									
Badra	JSC Gazprom Neft	30	OEC (25%)	MdOC	Gazprom Neft Badra B.V	17-Jan-10	18-Feb-10	20 years	N/A	N/A	15,000
	Korea Gas Corporation (KOGAS)	22.5									
	PETRONAS Carigali	15									
	Türkiye Petrolleri Anonim Ortaklığı (TAPO)	7.5									
Qaiyarah	Sonangol	75	BOC (25%)	NOC	Sonangol	26-Jan-10	18-Feb-10	20 years	N/A	N/A	30,000
Najmah	Sonangol	75	IDC (25%)	NOC	Sonangol	26-Jan-10	18-Feb-10	20 years	N/A	N/A	20,000

Third licensing round data

3rd round (gas fields)											
Field	Consortium	%	State Partner	License Holder	Operator	Contract Signature Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR)	Initial Production Target (10%)	First Commercial Production (barrels)
Akkas	Korea Gas Corporation (KOGAS)	75	NOC (25%)	MdOC	KOGAS Akkas	13-Oct-11	15-Nov-11	20 years	N/A	N/A	100
Mansuriya	TPAO	37.5	OEC (25%)	MdOC	Türkiye Petrolleri Anonim Ortaklığı (TPAO)	5-Jun-11	18-Jul-11	20 years	N/A	N/A	80
	Kuwait Energy Co.	22.5									
	Korea Gas Corporation	15									

	on (KOGAS)										
Siba	Kuwait Energy Co.	0.45	MOC (25%)	BOC	Kuwait Energy Co.	5-Jun-11	1-Jul-11	20 years	N/A	N/A	25
	TPAO	0.3									

Fourth licensing round data

4th round (exploration blocks)											
Field	Consortium	%	State Partner	Licence Holder	Operator	Contract Signature Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR)	Initial Production Target (10%)	First Commercial Production (barrels)
Exploration Block 8*	Pakistan Petroleum Ltd (PPL)	100	N/A	MDOC	Pakistan Petroleum Ltd (PPL)	5-Nov-12	5-Dec-12	30 years**	N/A (Exploration blocks)		
Exploration Block 9 (alfayha)	Kuwait Energy Co.	60	N/A	BOC	Kuwait Energy Co.	27-Jan-13	3-Feb-13	30 years			
	Dragon Oil	30									
	EGPC	10									
Exploration Block 10	LUKOIL Overseas Iraq Exploration (LOIE)	60	N/A	TQOC	LUKOIL Overseas Iraq Exploration (LOIE)	7-Nov-12	5-Dec-12	30 years			
	Inpex	40									
Exploration Block 12	Bashneft	100	N/A	BOC	Bashneft	8-Nov-12	1-Jan-13	30 years			

Fifth licensing round data

5th round (exploration blocks)- The Contracts have not been signed till the date of this report.											
Field	Consortium	%	State Partner	Licence Holder	Operator	Contract Signature Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR)	Initial Production Target (10%)	First Commercial Production (barrels)
Naft Khana	Geo-Jade Petroleum Corporation	100	N/A	MDOC	Geo-Jade Petroleum Corporation	N/A	N/A	N/A	N/A	N/A	N/A
Huwaiza	Geo-Jade Petroleum Corporation	100	N/A	MOC	Geo-Jade Petroleum Corporation	N/A	N/A	N/A	N/A	N/A	N/A

Sindbad	United Energy Group	100	N/A	BOC	United Energy Group	N/A	N/A	N/A	N/A	N/A	N/A
Khader Al Mai	Crescent Petroleum	100	N/A	BOC	Crescent Petroleum	N/A	N/A	N/A	N/A	N/A	N/A
Gilabat-Qamar	Crescent Petroleum	100	N/A	MdOC	Crescent Petroleum	N/A	N/A	N/A	N/A	N/A	N/A
Khashim Ahmer-Injana	Crescent Petroleum	100	N/A	MdOC	Crescent Petroleum	N/A	N/A	N/A	N/A	N/A	N/A

As for the mining sector, the Geological Survey coordinates with the governorate concerned with granting licenses for mining, as we obtained a database of these licenses and added them on the IEITI website within the file entitled “Mining Contracts Database - 2020” in the following link (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_02_43_29.xls), noting that the sums are not material.

5-4 Contracts

Contract Disclosure Policy

The Ministry of Oil published its policy on contract disclosure on its website in April 2019. The government’s policy and current practice of the PCLD is to only publish petroleum contract templates, and not the signed contracts.

The Deputy Minister of Oil for Extraction Affairs, in his letter dated January 10, 2021, addressed to all companies affiliated to the Ministry of Oil and PCLD, instructed the necessity to adhere to the contract transparency policy and to consider it as a continuous work policy that includes contracts for licensing rounds and other related contracts and to update them in coordination with the IEITI .

Although until the date of preparing this report, the contracts mentioned above have not been published, the failure to publish in a timely manner cannot be considered a case of non-compliance with the relevant requirement (2-4), as this requirement stipulates that any contracts or licenses granted that were concluded or modified as of the first of January 2021 must be disclosed. No new contract has been concluded, or any amendment to a previous contract has taken place since that date and until the date of this report.

The PCLD declared that it has published all contract templates on the website of MoO, and thus the templates are available to the public with no restrictions on access. The PCLD also stated that the templates do not differ from the signed contracts, with the exception of some information, which is disclosed separately.

While the signed contracts are not shared with the public, copies of the signed contracts and subsequent amendments are shared with the Iraqi Parliament and The Federal Board of Supreme Audit.

An Overview of Contracts in Federal Iraq

In Federal Iraq, service contracts are used, under which the contractor receives a fixed fee per barrel (remuneration fee), above reimbursement of the costs it incurs (recoverable costs). The following service contracts have been used in the petroleum-licensing rounds managed by the Federal Government of Iraq:

- Technical Service Contracts (TSCs)
- Development and Production Service Contracts (DPSCs)
- Gas Development and Production Service Contracts (GDPSC)
- Exploration, Development and Production Service Contracts (EDPSC)

As mentioned previously, PCLD has added contract forms (development and production services contracts and exploration, development and production services contracts) with the main features of some licensing round contracts on the Ministry of Oil, as we have added it to the IEITI website within the file entitled “Main Features of licensing round contracts” at the following link (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_03_15_18.pdf).

Below we list how to determine the recoverable costs and remuneration fees in the contracts mentioned above:

Recoverable Costs:

Under the Ministry of Oil’s service contracts (TSCs, DPSCs, etc.), expenses incurred in conducting petroleum operations include petroleum costs and supplementary costs, which are generally recoverable.

- **Petroleum costs:** include recoverable costs and expenditures incurred and payments made by the companies in connection with or in relation to the conduct of petroleum operations.
- **Supplementary costs:** include recoverable costs and expenditures other than petroleum costs. These costs specifically include de-mining costs, financing and building of transportation facilities beyond the transfer point of petroleum production from the contract area, specific works or building of facilities (at the request of the regional oil company) and remediation costs.

Remuneration fees:

In respect of the compensation under the service contracts, the contractor (the international oil company operating in the production of oil and gas in Iraq) is paid a fixed fee per barrel known as the remuneration fee.

Cost recovery and remuneration fees are calculated in accordance with article no. 19 of the service contracts

Local Contracts in the Mining Sector

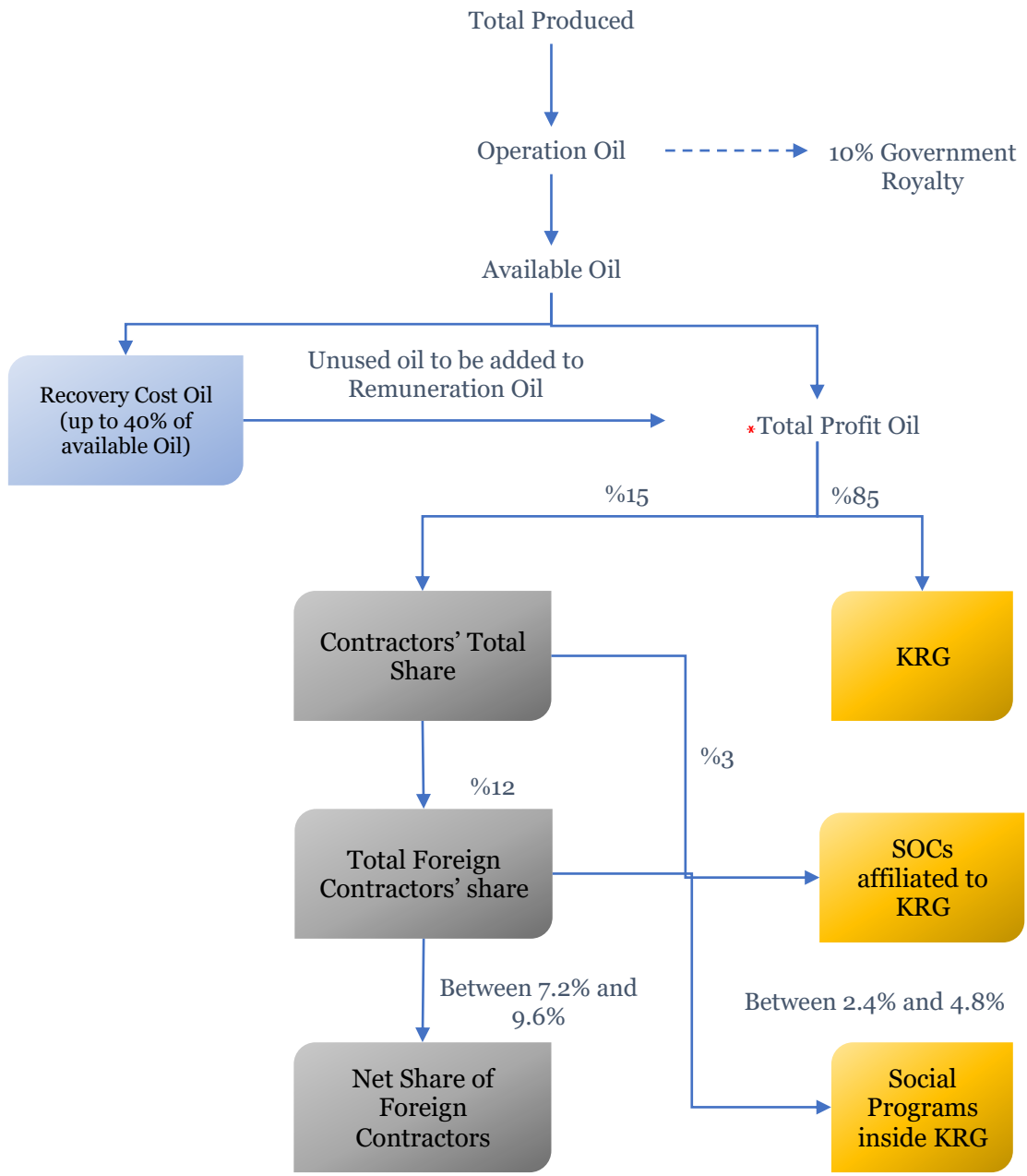
Mining licenses were granted to several local companies, bearing in mind that their amounts are not substantial. We have added it to the IEITI website within the file under the title “Mining Contracts Database-2020” on the following link (http://www.ieiti.org.iq/mediafiles/articles/doc-1223-2021_04_25_02_43_29.xls).

An Overview of Contracts in Kurdistan Region

In Kurdistan Region, the Oil and Gas Law No. 22 of 2007, allows the use of production sharing contracts (PSCs), under which the Contractor receives a percentage of the profit oil. Article 37 of the Oil and Gas Law specifies the standard terms of a production sharing contract, which include (but are not limited to) the following:

- “An initial exploration term of a maximum of five years, divided into two sub-periods, of three years and two years, extendable on a yearly basis for up to a maximum total of seven (7) years
- Relinquishment of twenty-five percent after the initial exploration term, with a further twenty-five percent of the remaining area at the end of each renewal period. If these percentages of relinquishments can only be achieved by including part of the area of a discovery, these percentages shall be reduced to exclude the discovery area. Voluntary relinquishment at the end of each Contract year is permitted
- An exploration commitment, which shall be negotiable, involving the purchase and interpretation of all existing data, including seismic data, where available, and seismic acquisition in the first sub-period, with exploration drilling in the second sub-period and a Well in each of the annual extensions
- A development period, following discovery, to be twenty (20) years, with a right of the Contractor to a five (5) year extension, on the same terms and conditions, with possible further extensions to be negotiated
- Royalty, at a rate of ten percent (10%), and paid in accordance with Article 41 of this Law
- Cost recovery from a portion of production after deduction of the Royalty, to a maximum not exceeding forty-five percent (45%) for Crude Oil; and not exceeding sixty percent (60%) for Natural Gas
- Production sharing from remaining production after Royalty and allowable cost recovery according to a formula, which takes into account cumulative revenues and cumulative petroleum costs and provides the Contractor with reasonable returns.”

The following figure summarizes how the production sharing contracts applied in the region generally work.



***Remuneration Oil divides into 30% for contractor and 70% to the government, where R-Factor, which is calculated as follow (Total Accumulated Revenues /Total accumulated Expenses), reaches two, then remuneration oil will be divided into 15% top contractor and 85% to the government.**

Payments made by IOCs in Kurdistan Region in accordance with PSCs signed with the KRG:

Bonuses: Bonuses include signature, capacity building bonus and production bonus, which are determined in the production sharing contracts with the IOCs

Capacity Building Payments: Under PSCs, international oil companies make capacity-building payments once they generate profit oil, which are used in funding large social programmes including infrastructure development

License fees: These are fees and other sums paid as consideration for acquiring a license for gaining access to an area where extractives are performed

Royalties: The contractor's production is subject to a 10% royalty rate payable to in cash or in kind as the KRG

Taxes: According to Article 41 of the Oil and Gas Law of 2007, a petroleum contract may exempt a contractor from tax by law

Kurdistan Region Contracts

The Ministry of Natural Resources of the Kurdistan Regional Government (KRG) publishes the production sharing contracts (PSCs) signed with international oil companies on the KRG website. The following table lists out the 42 fields for which the related PSCs and amendments were published on the KRG website:

Oil Fields						
Ain Sifni	Akri Bijeel	Arbat	Atrush	Baranan	Barda Rash	Bazian
Chia Surkh	Mala Omar	Duhok	Erbil	Garmain	Harir	Hawler
Pramagrün	Pulkhana	Qala Dze	Qara Dagh	Taza	Rovi	Safen
Sangaw North	Qush Tapa	Sarta	Sheikh Adi	Shakal	Shorish	Sindi Amedi
Sangaw South	Topkhana	Central Duhok	Miran	Shakrok	Tawke	Bina Bawi
Ber Bahr	Kurdamir	Sarsang	Sulevani	Dinarta	Shaikan	Taq Taq

5-5 Beneficial Ownership

In 2019, the MSG has published a roadmap for disclosing beneficial ownership information in Iraq, on the website of the IEITI. In the roadmap, a beneficial owner is defined as a person who directly or indirectly exercises substantial control over a legal entity or has a substantial economic interest in, or receives substantial economic benefit from such legal entity.

Beneficial ownership disclosures required for companies operating in the extractive mineral, oil and gas sector, as per the roadmap, are:

- The name of the beneficial owner(s), in addition to any alternate names they may use.
- The names and roles of any politically exposed persons who own or practice control over a company, irrespective of the size of their ownership interest
- The related details of the owner(s), including date of birth, ID number, place of residence, and the names of first degree relatives (specifically for the politically exposed persons)
- Attachment of supporting documents for the beneficial ownership information
- Other information such as the company manager's name

In accordance with Paragraph C of the EITI Second Requirement (Section 2.5) on the beneficial ownership, effective January 1, 2020, implementing countries should request information on the beneficial ownership and companies should disclose that

information. This applies to legal entities that apply for - or own a share in - a license or contract to explore or produce oil, gas or minerals, and it must include the identities of their beneficial owners, the level of ownership, and details of how ownership or control is exercised.

The EITI report should disclose any gaps or weaknesses in reporting beneficial ownership information, including naming any entities that did not provide all or part of the beneficial ownership information. If the country faces constitutional or significant practical obstacles to fulfilling this requirement by January 1, 2020, the country may request permission to implement an adapted EITI implementation in accordance with Article 1 of the EITI Board Procedures to oversee its implementation. The first stage of the application of the beneficial ownership applies here

5-6 Government's Participation in Extractive Industries Sector

the MSG has defined state-owned enterprises in accordance with the amended Public Companies' Law no. 22 of 1997, which defines a public company as:

“a self-funded economic unit which is fully owned by the state, has a legal personality, financially and economically independent, and operates according to economic bases”.

The state-owned entities are therefore subject to the provisions of Law No 22 of 1997. Entities that are majority owned by the state are not included in the MSG's definition of state-owned entities, since such entities are considered mixed sector companies, and are governed by a different law – Law No. 21 of 1997. Basrah Gas Company is the only mixed sector company operating in the extractive sector, however, it has been excluded from the scope of the IEITI reporting on the basis that it operates in the midstream gas sector.

State-owned companies operating in the oil and gas sector in federal Iraq are fully affiliated with the Ministry of Oil as follows:



Transportation, distribution and marketing sector



Exploration and Extraction Sector



Transformative Sector



State-owned companies operating in the minerals and mining sector in Federal Iraq are companies wholly owned by the Ministry of Industry and Minerals:



Mixed Sector Companies:

- Basra Gas Company

The IEITI has published detailed information on these companies above on its website (<http://ieiti.org.iq/en/listing/reports-and-publications/iraqi-publications?p=0>).

Kurdistan Regional Government Companies

According to the Kurdistan Oil and Gas Law No. 22 of 2007, the KRG's MNR exerts control and oversight over the Kurdish region through the following public entities:

- Kurdistan Exploration and Production Company (KEPCO)
- Kurdistan National Oil Company (KNOC)
- Kurdistan Oil Marketing Organization (KOMO)
- Kurdistan Organization for Downstream Operations (KODO)
- Kurdistan Oil Trust Organization (KOTO)

Based on inquiries from the North Oil Company, which is based in Kirkuk and is in close proximity to the KRG, the five oil and gas SOEs referred to in the Oil and Gas Law have not yet been established.

In addition, the North Oil Company explained that there are no mining SOEs in KRG, and all minerals related activities are executed through the Ministry of Natural Resources.

The Prevailing Rules and Practices in Relation to the Financial Relationship between the Government and its Owned Companies

Fully State-owned Companies

According to Law No. 22 of 1997 (as amended), the public company's capital shall be determined in a decision by the Council of Ministers approving its establishment. Article 11 of

Law No. 22 of 1997 (as amended) requires public companies to allocate the distributable portion of net profits as follows:

- 45% to be remitted to the MoF
- 33% to be paid as incentives to company employees, including members of the Board of Directors and Ministry employees, in accordance with the percentages and controls set by the Board of Directors and approved by the Minister
- 5% to be allocated for social services
- 5% to be allocated for research and development
- Remaining amount is to be retained as the company's capital reserves

The MSG has determined that the distribution of SOEs' net profits, in practice, are in accordance with the stipulations of the Law.

Article 15 (3) of Law 22 allows Iraqi SOEs to engage in partnership agreements with Arab and foreign companies, to carry out work related to the objectives of the company inside Iraq. This provision allows SOEs to participate in oil and gas licensing round contracts as state partners in the service contracts.

Article 17 of Law No. 22 of 1997 (as amended) provides that a public company may lend, or borrow funds to finance its activities from financial institutions and national public companies, under loan agreements subject to conditions to be agreed upon, given that the loans do not to exceed 50% of the company's paid up capital.

Article 18 provides that SOEs require approval from the Council of Ministers when borrowing from outside of Iraq to finance investment activities.

However, while it is permissible by Law for SOEs to obtain and grant financial loans to and from third parties, SOEs, in practice, do not directly grant or receive third party loans, including the state.

The five material national oil companies (subject to materiality thresholds) that were operational during 2018 (BOC, NOC, MDOC, MOC, and TQOC) declared that there were no loans received or granted during 2018. In addition, the state did not obtain or grant any loans to extractive companies during 2018.

The following national oil and gas companies have published their Statement and Certificate of Incorporation within a file titled "Financial Statements of Oil and Gas Companies-2018" and we have added them to the IEITI website under the following link (<http://ieiti.org.iq/ar/listing/reports-and-publications/final-accounts>)

Partially State-owned Companies (Mixed Sector)

South Gas Company declared that it has a 51% ownership stake in Basra Gas Company, and that it does not have any other subsidiaries.

Basrah Gas Company is the only mixed sector company operating in the extractive sector. The MSG assures that there are no other mixed sector companies that operates in the mining, oil, and gas sectors.

As it relates to the Basrah Gas Company, its financial transactions are governed by Law No.21 of 1997 (as amended).

According to Article 27 (Section 3) of Law No. 21 of 1997 (as amended), the company's capital shall be allocated towards the implementation of its activities as specified in its contract, and towards the fulfillment of its obligations, and may not be allocated otherwise.

Article 73 provides that the company's net profits shall be distributed; after all legal deductions have been made, in the following manner:

- at least 5% should be withheld as a statutory reserve until the statutory reserve reaches 50% of the paid up capital. A company may continue to withhold a statutory reserve through a decision by the General Assembly, with the condition that the statutory reserve not exceed 100% of the paid up capital
- The remaining profits or part thereof shall be distributed to the members according to their shares

According to Article 77, a company may borrow by way of issuing nominal bonds in accordance with the provisions of this Law, by issuing an invitation addressed to the public. The grant underwriter is issued bonds in return for the amounts lent to the company and has the right to claim certain interest payable within specified periods and recover its value from the company's funds. These bonds are of nominal value, are negotiable and indivisible and are assigned serial numbers and must be stamped by the company.



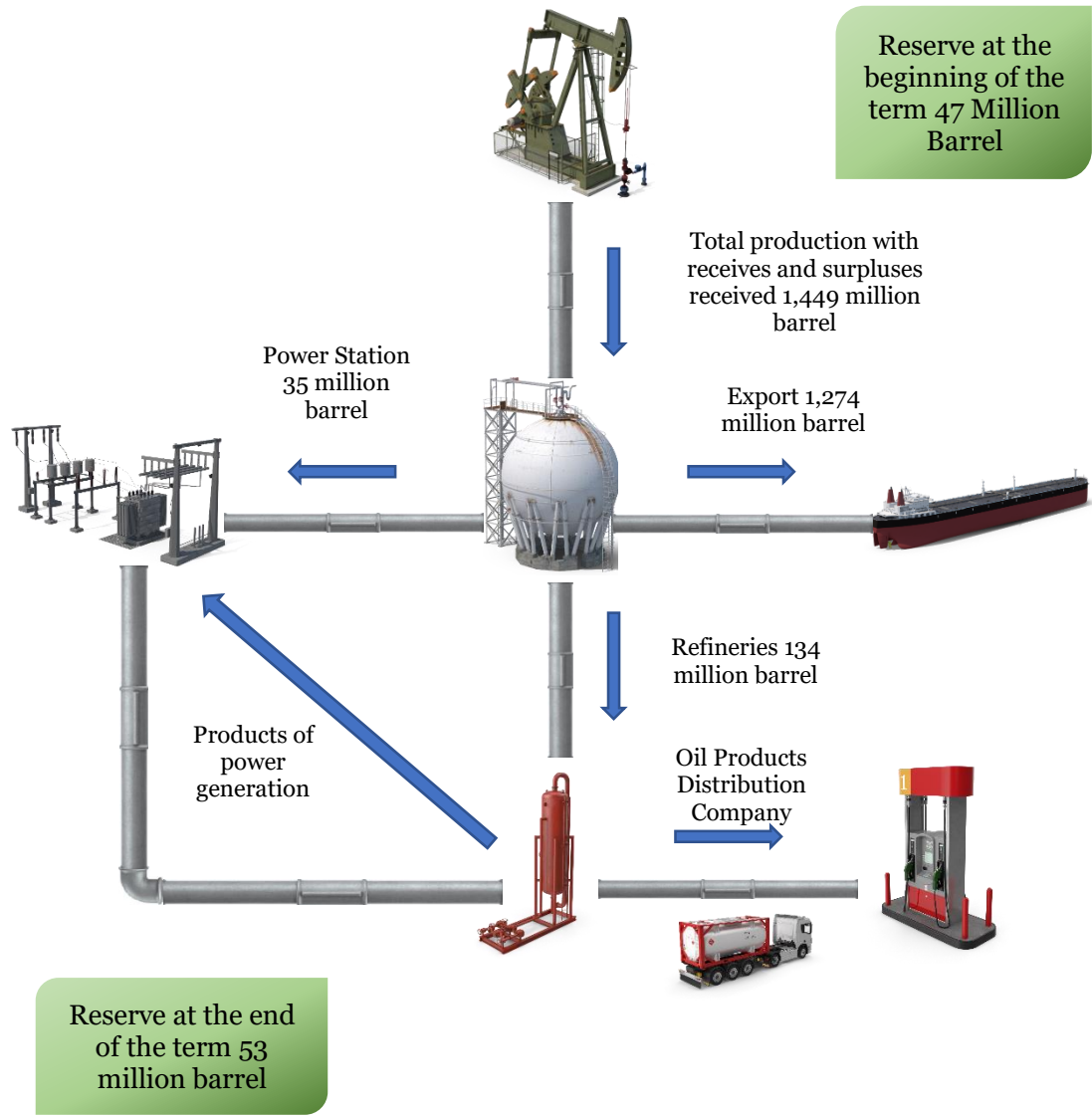
Further Transparency

Crude oil flow

The oil produced in Iraq is used for domestic consumption (for refineries and electricity), and for export.

The following figure shows an example of the flow of crude oil into Iraq at the Basra Oil Company (the main oil producer):

Basra Oil Company



Basra Oil Company receives crude oil produced by the Midland Oil Company, Missan Oil Company and Thi Qar Oil Company. The crude oil is transferred between the national oil companies for the following reasons:

- Crude oil is transported to the national oil companies that control export ports such as Basra, which is located in Basra.
- The production of some national extractive companies is not sufficient for the purposes of domestic consumption in their governorates, and therefore they receive crude oil from other companies to cover this shortage.

The following tables present the crude oil flowing into the five national oil companies separately for the year 2018.

North Oil Company		Total (Barrel)
Starting balance (Treasury on 1-1-2018)		2,485,098
Produced Crude Oil		85,869,691
Quantities received from third parties:		1,541,054
Surplus (Naphtha) returned	1,184,272	
	356,782	
Amounts available for use		89,895,843
Discharge		
Refineries		70,814,414-
Supplier / K1 / Al-Qudus electricity through Midland Oil		2,550,903-
Supplier to the Midland Oil tanks station / k2 Pipeline + from the 1 Huzayran warehouse		7,363,272-
Export:		6,298,161-
Loading to Iran	841,021-	
Export by region	1,095,000-	
Loading to Khor Al-Zubair	558,617-	
The pump from Saralu station to Ceyhan through the region's pipeline system	3,803,523-	
Loss		360,202-
Other		455,188-
Total discharge		87,842,140
Final balance (Treasury as on 31-12-2018)		2,053,703

Midland Oil Company		Total (Barrel)
Starting balance (Treasury on 1-1-2018)		668,732
Produced Crude Oil		73,469,434

Quantities received from Kirkuk:		10,053,106
Through Tanks	3,782,969	
Through K2 Pipeline	6,270,137	
Amounts available for use		84,191,272
Discharge		
Refineries (Dora Refinery)		8,175,866-
Electricity stations (Wasit station and Qudus station)		23,998,903-
The quantities supplied from the Badra oil field to the Basra Oil Company		29,520,719-
Crude oil exported (Tuba Depot) by the Basra Oil Company		21,889,819-
Loss (wasted quantities from the Khanna oil line - cycle)		6,850-
Other		75,836-
Total discharge		83,667,993-
Final balance (Treasury as on 31-12-2018)		523,279

Missan Oil Company		Total (Barrel)
Starting balance (Treasury on 1-1-2018)		532,462
Produced Crude Oil		174,634,313
Quantities received from Missan refinery:		1,443,104
Amounts available for use		176,609,879
Discharge		
Refineries:		9,596,621-
Missan Refinery	9,556,493-	
Basra Refinery	40,128-	
Electricity Plants:		5,065,150-
Al-Hartha Plant	3,604,145-	
Al-Najeebiya Plant	1,461,005-	
Other		-
Total discharge		175,648,478-
Final balance (Treasury as on 31-12-2018)		961,401

Thi Qar Oil Company		Total (Barrel)
Starting balance (Treasury on 1-1-2018)		0
Produced Crude Oil		70,147,705
Amounts available for use		70,147,705
Discharge		
Strategic line (internal drainage)		16,729,885-

Crude oil exported by the Basra Oil Company	53,417,820-
Total discharge	70,147,705-
Final balance (Treasury as on 31-12-2018)	0

Basra Oil Company		Total (Barrel)
Starting balance (Treasury on 1-1-2018)		46,861,356
Produced Crude Oil		1,157,432,215
Quantities received from Midland Oil Company:		51,410,539
Quantities received from Missan Oil Company:		166,091,985
Quantities received from Thi Qar Oil Company:		70,147,705
Mixed residues (surpluses received from Basrah Refinery)		3,090,038
Condensate received from Siba field		784,100
Amounts available for use		1,495,817,938
Discharge		
Exported Crude Oil		1,273,783,812-
Refineries:		133,588,586-
Basra	64,527,142-	
Dora	33,002,041-	
Thi Qar	10,315,290-	
Samawah	9,420,911-	
Najaf	9,657,944-	
Diwniya	6,665,258-	
Electricity Plants:		35,445,077-
Al-msayab Plant	13,228,146-	
Al-Nasriya Plant	4,532,588-	
Al-Khairat Plant	10,354,867-	
Al-Harthiya Plant	3,604,145-	
Al-Najeebiya Plant	1,461,005-	
Karblaa Plant	2,264,326-	
Total discharge		1,442,817,475-
Final balance (Treasury as on 31-12-2018)		53,000,463

The following table also displays the total crude oil flowing into the five national oil companies for the year 2018.

Total of the five oil companies	Total (Barrel)
Starting balance (Treasury on 1-1-2018)	50,547,648
Produced Crude Oil	1,490,310,653
Received Surplus	227,359,689
Amounts available for use	1,768,217,990

Discharge	
Refineries	222,135,359-
Electricity Plant	59,443,980-
Exported Crude Oil	1,278,510,024-
Paid (from the Midland Oil Company - Badra field - to Basra Oil) through the strategic line	29,520,719-
Loss	367,052-
Other	1,355,016-
Total Discharge	1,391,332,150-
Final balance (Treasury as on 31-12-2018)	176,885,840

Ownership Transfer Measurements Until the Second Semester of 2020

An Overview Of The Meters Installed In The Oil Sector At Export Outlets

(Basra and Khor Al-Amaya oil ports)

First - There are (24) meters systems in Basra port and (12) in Al-Amaya port (currently suspended due to maintenance work on the marine pipeline) that are periodically calibrated and have valid calibration certificates validated by the global inspecting company (Intertek) in accordance with international standards.



Second - In addition to the above, the inspecting company carries out calibration work and issuance of certificates for meters and calibration equipment and supervises loading and auditing the quantities issued through the meters and approving them and shipping documents, including those of the quantitative and quantitative measurements.

B - single-point mooring (SPM) and central metering and management platform (CMMP)

Tanker measurements are approved according to (CH.17) of the Measurement and Calibration System and its reference specifications (API-MPMS) in the calculation of quantities and under the supervision of a global inspection company (Intertek), noting that the central and management platform (CMMP) have (20) meters whose main meters have been calibrated (MASTERS) in specialized international laboratories by the Oil Marketing Company (SOMO) in agreement with the inspection company (Intertek).

Ceyhan Turkish port

Two platforms are available to export crude oil received from the Kirkuk fields and each with (9) meters and the existence of calibration equipment through which a calibration of meters takes place periodically and in accordance with international standards adopted, and the crude oil quantities are adopted according to the approval of the global inspection company (Intertek).

The following table shows the achievement percentages of the oil companies affiliated with the Ministry of Oil in the field of property transfer measurements until the second semester of 2020:

No.	Companies	Total Planned	Results until the end of the second semester / 2020	
			Total Implimented	Total achievement rate(%)
1	North Oil Company	194	148	%76
2	Midland Oli Company	32	126	%394
3	Basra Oil Company	183	224	%122
4	Missan Oil Company	73	80	%110

5	Thi-Qar Oil Company	67	53	%79
6	North Refineries Company	247	181	%73
7	Midland Refineries Company	592	612	%103
8	South Refineries Company	137	159	%116
9	North Gas Company	74	79	%107
10	South Gas Company	20	61	%305
11	Oil Pipelines Company	448	864	%193
12	Oil Products Distribution Company	2,992	2,873	%96
13	Gas Filling Company	49	113	%231
Total		5,108	5,573	%109

Analysis of actual crude oil prices in 2018

SOMO relies on the official selling price (OSP) for export sales of crude oil to enhance transparency when dealing with buyers, and to avoid buyers' negotiations over the price by unifying the price of crude oil for all buyers in each market separately.

General crude oil price equation: $OSP +(-) D +(-) API +(-) F$

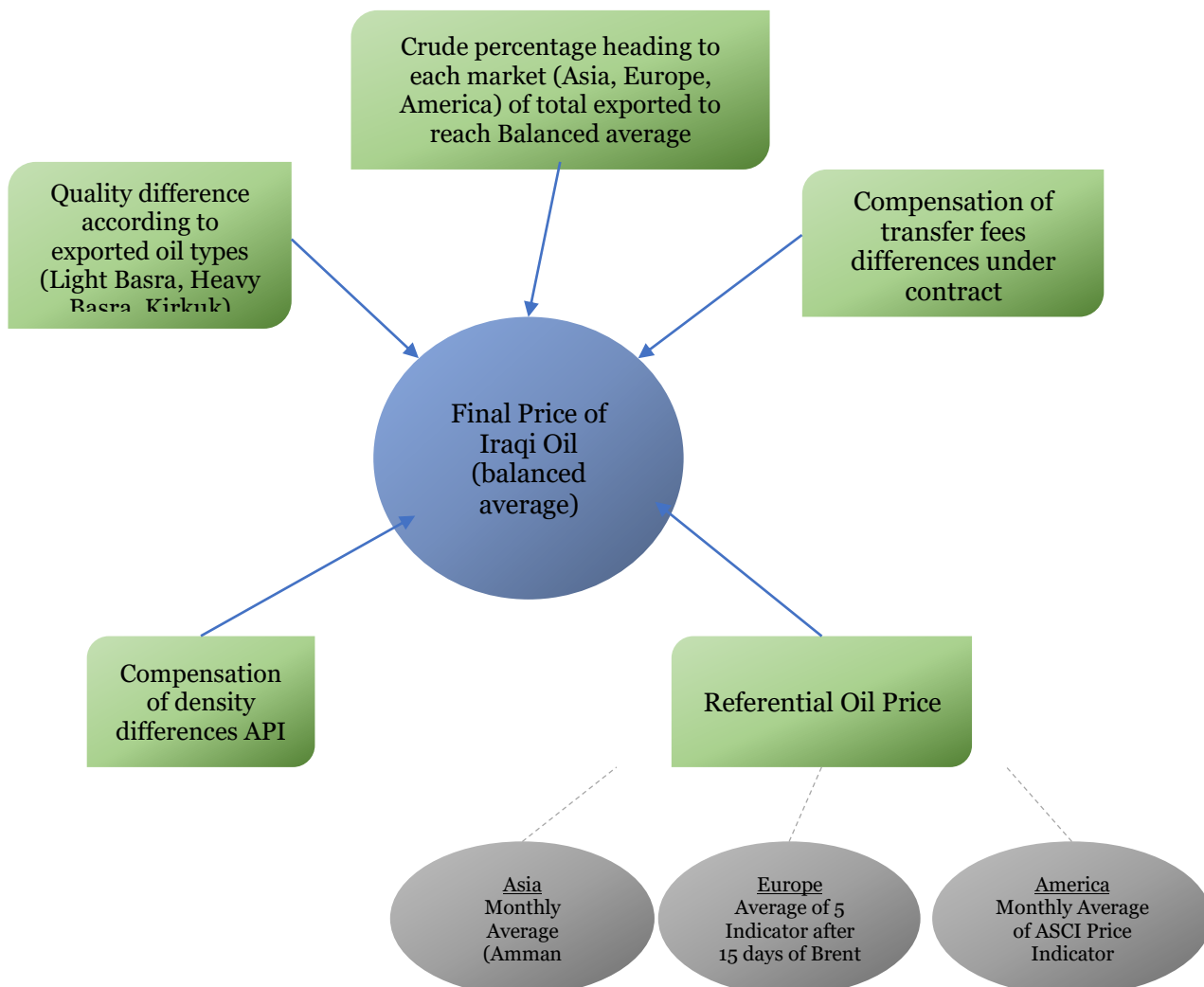
OSP: Average reference oil price (according to international price lists, by destination)

D: Refers to price differences that are calculated on a monthly basis

API: refers to the price difference for density fluctuations (API Gravity) between contract specifications and the actual shipment

F: represents the shipping frequency (according to international daily bulletins)

Factors of pricing Iraqi crude oil



The OPEC (Organization of Petroleum Exporting Countries) reference basket (ORB), also referred to as the OPEC basket, is a weighted average of oil prices produced by OPEC members, as it is used as an important benchmark for crude oil prices.

According to the Statistical Report of the Petroleum Exporting Countries (OPEC) for the year 2019, related to analyzing the data for the year 2018, the price of the OPEC reference basket for the year 2018 was 69.78 USD, and more specifically, the average price was calculated for a period of 12 months according to the source markets, where it was compared to the actual price to sell Iraqi Oil.

Destination Oil	Duration	Average price per barrel according to OPEC USD	Average actual selling price per barrel according to SOMO records USD	Difference in US dollars
ICE Brent	12 months	68.94	63.98	4.96-
NYMEX WTI	12 months	61.81	62.60	0.79
DME Oman	12 months	66.51	66.91	0.40

Analysis of demurrages related to the process of exporting crude oil

During the process of exporting crude oil, there is sometimes delay in loading tankers at export ports due to a combination of factors, the most important of which are:

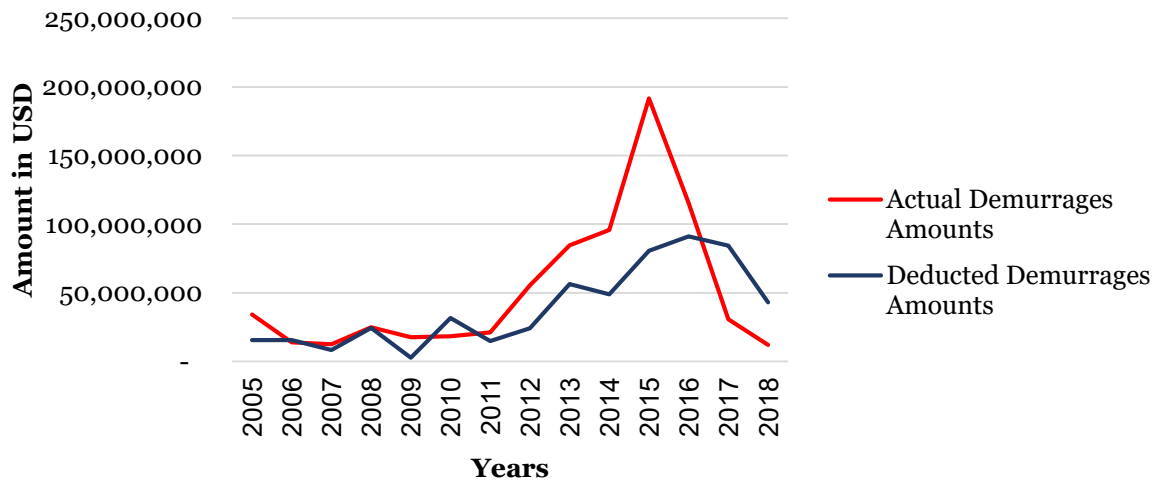
- Effects of natural factors
- The discrepancy between the monthly production plan reported to the Oil Marketing Company (SOMO) by the technical department of the Federal Ministry of Oil and the quantities actually exported, as this discrepancy between the planned and the actual makes the Oil Marketing Company (SOMO) planning schedules for loading that take into account the increases that may occur in an incalculable way, as a guarantee. The download process continues smoothly
- Frequent power outages, which leave their effects, whether on export or production rates
- Malfunction or delay of the arrival of one of the tankers included in the download programs



There is a delay in the process of calculating the demurrages resulting from natural or abnormal factors that lasts for several months, and there is also a delay in the issuance of credit notes in favor of the buyers of crude oil resulting from the realized delay penalties, which leads to the payment of demurrages (by reducing the amount of the shipment list) to the company concerned. Purchasing oil in periods after the occurrence of a delay. Therefore, we have analyzed these demurrages between a comparison between the year of their occurrence and the time of their payment, as shown in the table below, as it was noticed that the amounts of these demurrages decreased in the last three years.

Year	The total amount of crude oil exports	The total amount of actual demurrages that occurred during the year	Average amount of the actual demurrages for each barrel of exported crude	The total amount of demurrages paid (discounted) during the year	Average amount of the demurrages discounted per barrel of exported crude
2005	509,588,308	34,098,338	0.07	15,419,000	0.03
2006	546,202,511	13,801,960	0.03	15,633,000	0.03
2007	596,455,446	12,396,646	0.02	8,332,000	0.01
2008	677,132,865	24,915,397	0.04	24,470,000	0.04
2009	695,544,092	17,673,368	0.03	2,782,000	0.00
2010	690,011,168	18,210,115	0.03	31,672,000	0.05
2011	790,469,496	21,241,771	0.03	14,896,000	0.02
2012	886,945,466	55,499,252	0.06	24,251,000	0.03
2013	872,383,754	84,638,416	0.10	56,278,078	0.06
2014	918,175,869	95,706,021	0.10	48,818,507	0.05
2015	1,096,778,862	191,670,616	0.17	80,508,000	0.07
2016	1,208,443,229	115,354,696	0.10	91,011,000	0.08
2017	1,207,822,633	30,681,281	0.03	84,457,000	0.07
2018	1,278,510,024	11,943,129	0.01	43,085,000	0.03

Analysis of demurrages amounts (actual vs deducted)



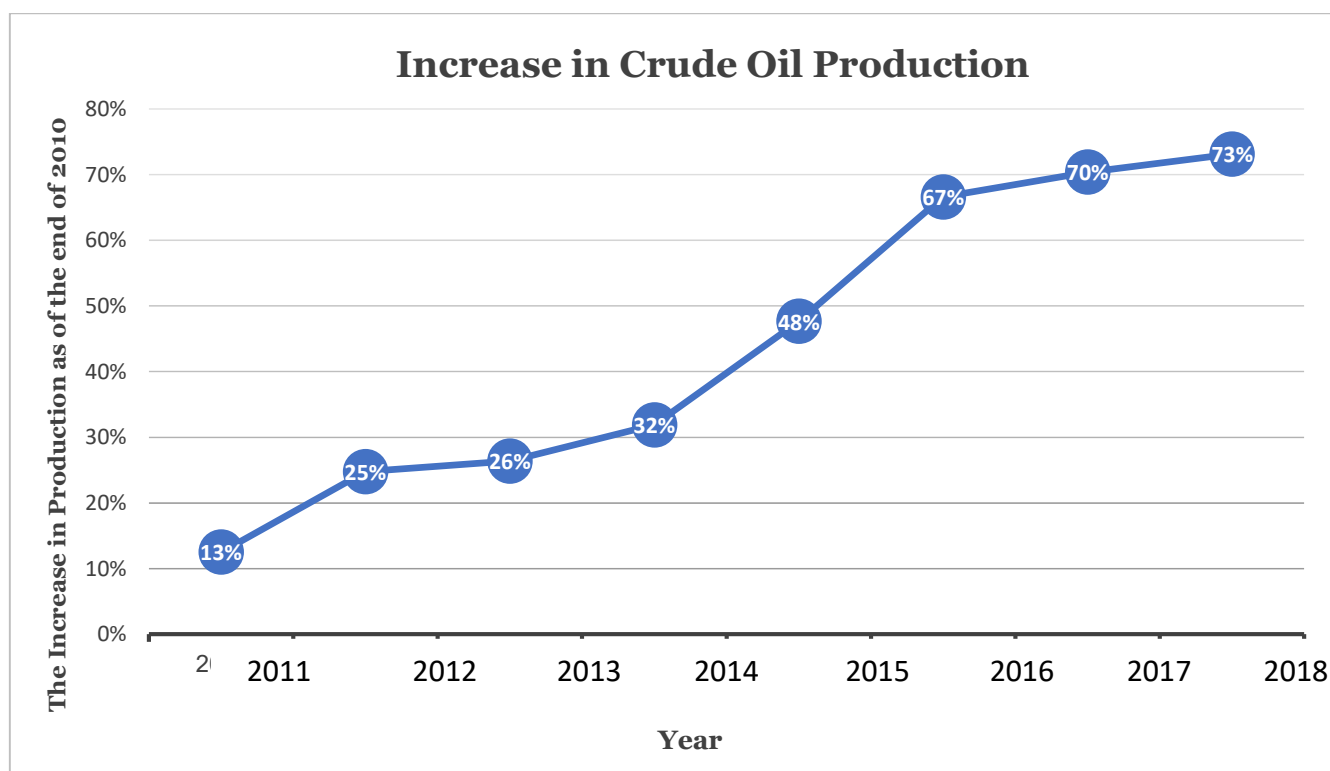
The Increase in Crude Oil Production and its Relationship to Oil Licensing Rounds

As the oil licensing rounds were mentioned previously in this report, the following table shows how much was spent in order to increase crude oil production compared to the actual increase in production.

#	Details (all amounts are in USD)	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
A	Oil Costs	277,562,424	3,846,994,717	5,897,471,016	8,461,237,361	15,146,180,218	11,103,049,336	8,087,829,958	8,495,471,058	8,806,009,035	70,121,805,123
B	Additional Costs	0	136,157,675	303,198,834	726,914,948	1,211,496,732	616,464,057	445,925,533	667,310,998	512,380,682	4,619,849,459
C	Oil costs and additional costs (a) + (b)	277,562,424	3,983,152,392	6,200,669,850	9,188,152,309	16,357,676,950	11,719,513,393	8,533,755,491	9,162,782,056	9,318,389,717	74,741,654,582
D	Sums paid as costs to the government partner (Al-Ahdab)	0	66,131,016	170,249,054	230,478,079	256,881,536	251,453,722	222,617,825	203,406,803	145,189,447	1,546,407,482
E	Amounts paid as costs to the foreign contractor (C) - (D)	277,562,424	3,917,021,377	6,030,420,796	8,957,674,229	16,100,795,414	11,468,059,671	8,311,137,666	8,959,375,253	9,173,200,270	73,195,247,100
F	Total remuneration fees	14,282,115	251,505,091	814,828,810	850,331,112	1,096,962,666	1,598,666,649	1,779,927,550	1,673,340,822	2,142,696,443	10,222,541,258
G	State partner profit	2,828,142	62,876,273	203,707,202	194,751,881	191,459,805	213,048,305	239,942,333	194,734,320	293,212,323	1,596,560,584
H	Taxable net remuneration fees	11,453,973	153,848,165	420,006,313	446,793,604	726,323,778	1,130,072,360	1,308,719,086	1,223,946,093	1,609,571,325	7,030,734,697
I	The amount of tax withheld from the remuneration fees for the end of 2016 (account statements)	2,969,549	30,143,512	1,273,816	176,308,916	155,123,341	248,923,478	394,764,044	458,390,851	0	1,467,897,507
G	Tax to be paid to the General Tax Authority for the years 2017-2018-2019	0	0	0	0	0	0	0	428,381,132	563,349,964	991,731,096
K	Tax due on the remuneration fees of the Ahdab	0	0	79,106,321	71,656,760	75,452,938	76,700,836	76,444,603	67,565,449	59,346,480	506,273,387

	field contractor											
L	The total tax amount (l) + (j) + (k)	2,969,549	30,143,512	80,380,137	247,965,676	230,576,279	325,624,314	471,208,647	954,337,433	622,696,443	2,965,901,990	
M	Foreign contractor net profit after tax (received)	8,484,424	158,485,307	609,847,792	479,270,315	750,379,519	1,136,694,866	1,132,368,194	526,288,338	1,215,782,731	6,017,601,486	
N	The sum of the financial dues for costs and the remuneration fees paid to the contracting companies (E) + (m)	286,046,848	4,075,506,683	6,640,268,588	9,436,944,544	16,851,174,933	12,604,754,537	9,443,505,860	9,485,663,592	10,388,983,002	79,212,848,587	

Crude oil Production (estimated)	860,670,000	968,345,000	1,073,830,000	1,087,700,000	1,135,150,000	1,270,930,000	1,434,037,000	1,466,458,000	1,490,311,000
Annual production increase percentage		13%	11%	1%	4%	12%	13%	2%	2%
The percentage of cumulative production increase compared to 2010		13%	25%	26%	32%	48%	67%	70%	73%



Latest achievements and plans of the Ministry of Industry and Minerals regarding the extractive sector

This section was drafted by the Technical Directorate at the Ministry of Industry and Minerals.

First - Achievements related to the mineral extractive sector during the previous years

1. Opening the Hussainiyat iron mine.
2. Rehabilitation of Basra Salina
3. The establishment of a bentonite activation plant to produce sodium bentonite with a capacity of 75 thousand tons annually (the plant was subject to acts of theft and vandalism) and was recently referred for investment in the form of a partnership contract for the purpose of rehabilitation, development and operation.
4. Conducting a partnership contract for the rehabilitation, modernization and development of the Samawah Salina to reach the design capacity of 500 thousand tons annually



Second - Future plans for developing the mineral extractive sector / are summarized by the following points:

1. Work to legislate a law to protect mineral wealth, as it is considered a national wealth and a basic pillar of funding sources that governments aspire to search for, following the experiences of countries that possess mineral wealth.
2. Establishing an independent body concerned with the two activities (investment and mineral extraction) with the participation of government companies with common specialization.
3. Issuing a law to regulate the exploitation and investment of mineral materials and ores, and to preserve them from waste and abuse.
4. Searching for partners specializing in mining industries with experience and competence, and those who have similar work in developing and qualifying mines and quarries, and focusing on (local partners).
5. Rehabilitation of damaged factories and production sites, with the participation of the private sector.
6. Numbers of promising investment opportunities to optimize the use of raw materials for the purpose of transforming them into transformational industries that meet the needs of the local market in conjunction with rehabilitating the affected production sites.
7. Preparing research and studies and updating information that contribute to the production of multi-use materials
8. Working to raise the economic value of industrial raw materials by improving the quality and achieving the required specification in order to compete with the imported product according to the principle of price and specification.
9. The use of scientific methods and means through the introduction of modern mechanization appropriate to the working conditions in the field of extraction and mines and methods of metal detection and treatment.
10. Establishing laboratories for examining and analyzing models using the latest international methods.
11. Attention to human staff working in production sites and developing their capabilities through holding internal and external scientific courses and informing them of the latest scientific findings in the field of mining.

Third - the most important challenges facing the development of the mineral extractive sector

1. Loss of centralization in making decisions between the relevant authorities and other parties (provincial councils).
 2. The lack of modernization of laboratories and production lines through the introduction of modern mechanization and the development of the capabilities of human cadres.
 3. Unstable security conditions for production sites and difficulty in obtaining security approvals and permits for marketing products.
 4. Lack of clarity in the future vision of investment and exploitation laws for materials and mineral ores and their protection from waste and loss.
 5. Lack of seriousness in applying the National Product Protection Law.
 6. The weakness of the marketing and promotion of national products.
-

Debts owed by the Ministry of Electricity in favor of companies affiliated with the Ministry of Oil

The Ministry of Electricity owes the companies affiliated with the Ministry of Oil money for the wages of supplying electric power with crude oil and petroleum products, as these debts accumulated until they reached at the end of 2020 an amount of more than \$ 15 billion.

The Executive Order No. 22 of 2021 was issued on February 10, 2021 (based on Cabinet Resolution No. 1 of 2021), to form a committee that includes the concerned authorities to deal with these debts and find solutions to them. To this date, the matter has not been decided upon. .

The following table shows the details of this debt:

Years	Oil Products Distribution Company OPDC (in Iraqi Dinars)	Oil Pipeline Company (in Iraqi dinars)	Midland Oil Company (in Iraqi dinars)	Missan Oil Company (in Iraqi Dinar)
2011	202,835,395,279	-	-	-
2012	682,700,723,213	854,346,238	-	-
2013	832,493,324,923	130,225,545,904	36,840,131,703	9,821,571,044
2014	1,434,803,745,677	581,875,412,277	81,614,264,122	27,677,447,512
2015	61,881,437,783	615,329,067,831	132,217,985,845	28,400,865,549
2016	493,641,689,811	696,461,459,333	144,385,883,994	51,365,370,144
2017	1,278,121,732,767	749,274,813,969	138,129,469,676	62,931,270,560
2018	4,300,736,562,905	867,614,687,264	186,918,216,100	63,097,003,895
2019	2,320,617,288,868	961,493,287,639	199,415,306,636	51,312,958,400
2020	965,007,897,639	742,803,635,371	173,661,534,218	28,727,406,160
Total	12,572,839,798,865	5,345,932,255,826	1,093,182,792,294	323,333,893,264
Total amount (in Iraqi dinars)	19,335,288,740,249			
Minus the value of a product related to investors' electricity	957,682,053,064			
Net Amount (in Iraqi Dinars)	18,377,606,687,185			
Net Amount (USD) (1 USD = 1182 Dinars)	15,547,890,598			

7

Indicators and Recommendations

Requirement 7 of the EITI Standards

7-1 Recommendations arising from the EITI implementation

1- A decrease in the percentage of demurrages paid to companies that buy crude oil

Indicator

The report revealed a significant decrease in the percentage of demurrages borne by State Oil Marketing Organisation (SOMO) due to the delay in loading tankers at export ports. The report shows that the amounts paid during 2018 do not necessarily reflect the demurrages imposed during the year, but rather the sums accumulated from previous years were added to them. It was noted that the amount of demurrages occurring in 2018 decreased to one US cent per barrel exported, after it was three US cents / barrel in 2017 and ten cents in 2016. The report attributed the reasons for this decrease to the improvement in the use of floating platforms to export crude oil with more efficiency, and to improve the efficiency of loading programs.

Recommendation

Follow-up of the changes in the percentage of delay demurrages related to the process of exporting crude oil and considering this as one of the indicators of improvement in the performance of the export process.

2- Improved transparency in tax collection from licensing round companies

Indicator

The report disclosed essential details of the tax calculation mechanisms for international oil companies operating within the licensing rounds, including the Waha Oil Company and the East Baghdad field. He indicated that the differences between the amounts due and the amounts paid may reach 144 billion Iraqi dinars (equivalent to approximately 122 million US dollars), that is, about 20% of the amounts due are still suspended as amounts owed by the government and still owed by companies. It also indicated that there are large sums that are still subject to settlement and have not been decided upon until now. The report states that the reasons for these differences are due to the exchange rate differences on the one hand and on the other hand due to the non-refundable costs, which have not yet been resolved with the Ministry of Oil, and that Shell, which withdrew during 2018, did not extinguish all its profits and did not pay its income tax.

Recommendation

Due to the size of the amounts incurred as taxes on licensing companies, and the presence of many indications of the difference in the mechanisms followed by the Ministries of Oil and Finance in calculating and collecting these taxes, we recommend the necessity of coordination between the two ministries for the purpose of agreeing on a specific, stable and clear mechanism for calculating the amounts owed by international companies, the method of their collection and the identification of the parties Authorized for collection.

3- Publication and reconciling of oil export data in detail and at the shipment level for the first time in Iraq

Indicator

Work has been made to publish detailed reconciliation at the shipment level related to crude oil exports, for the first time, which may provide a clearer picture of how these reconciliations are practically carried out and explain the differences and their causes.

Recommendation

Continuing to publish reconciliations at the shipment level in order to increase transparency, and to enable observers, representative, supervisory and judicial authorities to see the details and destination of the shipments actually sold.

4- SOMO discloses crude oil export data for the Kurdistan region**Indicator**

For the first time, the initiative obtains documented data on the extractive sector in the Kurdistan region through SOMO. Although these data are not identical according to the initiative's standards, the report was able to draw a clearer picture of the region's revenues after comparing these data with the periodic reports published on the regional government websites.

Recommendation

The relentless pursuit of obtaining the region's data from third sources, such as SOMO, the Office of Financial Supervision, or any other reliable authority, in light of the inability to obtain it from official sources in the region and from international companies operating in it.

5- Delay by state-owned companies in publishing contracts related to licensing rounds**Indicator**

On 1/10/2020, the Undersecretary of the Ministry of Oil issued an official letter addressed to national oil and gas companies confirming the previous minister's directive of the necessity to adhere to publish copies of the service contracts signed since the first licensing round and in their final form and all their provisions, conditions, appendices and attachments. Some of these contracts have been published on the Ministry of Oil website / the Petroleum Contracts and Licensing Directorate page, while most companies have not yet committed to this.

The implementation of the requirements exceeds the obligations of the requirement (2-4) in a positive way in that the aforementioned requirement obliges international and national companies to disclose contracts and licenses granted or modified after January 1, 2021, and does not require disclosure of contracts prior to this date.

Recommendation

Urging national companies to adhere to the Ministry's directive and urging international companies to follow the example of their national counterparts.

6- Delay in the implementation of the beneficial ownership road map

Indicator

Requirement (2-5) is required to organize a register of "beneficial owners" that contains detailed data on companies wishing to participate in the licensing rounds, provided that the registry includes (according to agreed criteria and mechanisms) information about the identity of the company's owners, the percentages of shares they own, their positions ... etc. The MSG (the Multi-Stakeholder Group) is supposed to develop a roadmap to implement the requirement.

Although this requirement has become binding in the contracts or annexes that have been implemented starting from 1/1/2020, and the work plan of the Transparency Initiative in Iraq includes accurate details of the road map, the report indicated that there is a delay in government agencies and international companies in Map application and log mode.

Recommendation

Immediately start implementing the roadmap developed by the MSG and included in the work plan of the IEITI published on its official website.

7- Lack of social benefits data

Indicator

It was noted that the information on social benefits was incomplete as required in accordance with requirement (1-6) due to the reluctance of the extractive companies operating in Iraq to disclose the required data to the independent administrator, in addition to its lack of availability at the Petroleum Contracts and Licensing Directorate in the Ministry of Oil as it is the authority supervising the licenses. Note that this department has recently started establishing a database of social benefits.

The incompleteness and publication of this information may miss the opportunity to show these benefits to the citizen, which may lose the opportunity to learn about these benefits and to suggest preferential alternatives in this regard.

Recommendation

The importance of completing the collection of all social benefits information, and publishing it in detail according to the relevant requirement as soon as possible, thus providing a clearer picture for the citizen about these expenditures and the parties benefiting from them.

8- National companies delay in disclosing their final accounts

Indicator

Despite the issuance of a direct directive from the Minister of Oil in 2019 to the national oil and gas companies to publish the certificate of incorporation and final accounts (even if they are not audited by the Federal Office of Financial Supervision). Although an official confirmation was issued by the Undersecretary for Extraction Affairs on January 10, 2021, most of these companies are still late in publishing these data until the time of issuing this report. Note that

Requirement (2-6b) requires the state-owned extractive companies to disclose their annual financial statements. It is worth noting that the report was able to analyze the published final accounts of some of these companies (despite their few).

Recommendation

The MSD (the Multi Stakeholders Group) follows up on the implementation of the requirement by holding meetings and workshops for the stakeholders in the aforementioned companies, and urging them to publish data and overcome the obstacles that prevent this.

9- Challenges in obtaining data due to the Corona pandemic

Indicator

Many obstacles found during obtaining the data for preparing this report due to the Covid-19 pandemic, and the total and then partial lockdown that occurred in Iraq and the countries of the world, which caused a delay in preparing some data and not obtaining some of it by traditional methods, which necessitated the application of alternative methods to obtain the data and to ensure of its quality.

Recommendation

With the pandemic continuing to spread, we recommend that work be done as soon as possible to collect data for the next report (for 2019), and to prepare an emergency plan that takes into account the available possibilities and opportunities to coexist with similar circumstances in the future, taking into account the EITI instructions regarding disclosure in the time of the pandemic.

10- Continuing challenges of disclosure and data collection

Indicator

The report monitors the continuation of the same challenges that were previously indicated during the disclosure periods of previous reports, including the delay of the disclosure bodies in providing the information required in the data forms and other information requests or partially providing it. And also, including the lack of response to inquiries regarding the differences despite close follow-up.

Recommendation

That the MSG continue to communicate throughout the year with the various disclosure bodies to emphasize the importance of completing the data forms and information requests in a timely manner, while strictly adhering to the requirements set by the Board and their independent administrative application in terms of data completion and quality assurance. The board must also make an early contract with the independent administrator in order to be able to start early in the year to provide an additional timeout.

11- Non-Compliance by SOMO and international oil-buying companies to disclose according to the cash accounting basis adopted by international standards

Indicator

As is the case with previous reports, the inconsistency of the data provided with the accounting standards adopted between international companies and state-owned enterprises contributed to creating many differences in compliance. SOMO (for example) and the buying companies disclose their shipments according to the date of the shipment, which means that they apply the "accrual" basis, while the reporting entities are required to disclose their operations according to the "cash" basis. Failure to adhere to the cash basis has caused differences in sales occurring at the beginning and end of the year, noting that all state-owned enterprises and companies are committed to applying the cash basis in their final accounts.

Recommendation

We recommend adopting the cash basis in all disclosure reports, which unifies the approved basis and avoids the differences resulting from the application of different accounting principles.

12- Challenges of disclosure in the Kurdistan region**Indicator**

The independent administrator pointed to the same challenges as previous reports in obtaining data for the extractive sector in the Kurdistan region, due to the regional government and international companies operating in it prevented from adhering to the initiative's standards and providing the required data. The MSG (Multi-stakeholders Group) sought diligently to ensure the regional government's participation in the initiative, and the independent administrator was provided with an authorization letter directed to the Ministry of Natural Resources in the region, and the independent administrator made several attempts to communicate with the Ministry of Natural Resources over a period of four months through personal review or sending Electronic messages, in addition to communication through the delivery of other electronic messages to a number of international companies operating in the region, but to no avail.

Recommendation

The MSG intensified communication with the government and the House of Representatives in the region to discuss the challenges that prevent participation in the initiative and provide the required data.

13- Disclosure of the debts of the Ministry of Electricity in favor of the Ministry of Oil**Indicator**

For the first time in the history of the initiative, the report publishes detailed data on the debts owed by the Ministry of Electricity for some companies of the Ministry of Oil for the wages of supplying electric power with crude oil and petroleum products, as the debts accumulated from 2011 to 2020 exceeded an amount of about 18 trillion Iraqi dinars, equivalent to approximately

\$ 15 billion USD. It is worth noting that the Executive Order No. 22 of 2021 was issued on February 10, 2021, which provides for the formation of a committee composed of the concerned authorities to deal with these debts and find effective solutions to them.

Recommendation

Follow up on the issue of handling the debts of the Ministry of Electricity and communicate with the decisions of the concerned committee.

7-2 Recommendations Follow-up

Annual progress reports have been published on the IEITI website, to show the measures taken and the progress made in light of previous recommendations. The progress made in implementing the recommendations contained in the previous EITI reports and the recommendations resulting from the verification process can be found in detail in the EITI 2018 annual progress report published on its website (<http://ieiti.org.iq/ar/listing/reports-and-publications/activity-report>), in which the multi-stakeholder group responses to the recommendations resulting from the reconciliation process are reviewed in Section Three of the aforementioned report.

Cover photos: Eternal Fire and Burning Gas

Baba Karkar is known for the eternal fire, which is a fire that spreads out from the earth in a sparse shape. The history of this fire goes back to many ancient times before christ, when shepherds used to bring their sheep to this region in the winter to warm it when the weather got cold. This natural fire was an indicator for the geologists of the last century to infer the presence of oil and gas in the area.

Gas associated with oil is a natural product and whose investment is characterized by low costs, as it does not need exploration, drilling and extraction operations because it comes with extracted oil. Burning and not investing it as it should be is considered a lost opportunity and wealth to the Iraqi people. Baghdad is importing it until the date of this report, in addition to the environmental damages resulting from burning this gas.

During the year 2018, according to the annual reports of the five national oil companies, it was found that out of the total of about **3034** million standard cubic feet produced per day, about **54%** of it is burned, that miss out on investment opportunities worth billions of dollars for Iraq.