Implementation of the extractive industry transparency initiative in the Republic of Kazakhstan.

Realization инициативы прозрачности добывающих отраслей в Республике Казахстан.

Implementation of the extractive industry transparency initiative in the Republic of Kazakhstan.
The EITI is a global standard developed to promote greater transparency and accountability in countries, possessing rich oil, gas and/or mineral resources. The initiative was supported by international coalition of developing countries, donors, extractive companies, civil societies, investors and international organizations.

**2005**
- **June**: President of the RK announces the accession of Kazakhstan to the initiative transparency of extractive industries (EITI).
- **December**: The National council of interested parties (NSCP) and the Memorandum on mutual understanding (MOU) is signed.

**2006**
- **December**: Washington signed Memorandum of mutual understanding between the Republic of Kazakhstan and the International Bank of Reconstruction and Development (World Bank).

**2007**
- **Establishment of the EITI Secretariat** under the Ministry of Energy in Kazakhstan (Authorized body promotion and implementation EITI).
- **December**: The announcement of Kazakhstan based on the results assessment of implementation process of the EITI (prevalence) country as a candidate.

**2008**
- **December**: The republic program 029 Implementation of the initiative transparency of activities extractive industries in the Republic Kazakhstan.
- **December**: Publication of the first report "Reconciliation of receipts and payments to the budget submitted by mining companies and the Ministry of Finance of the Republic of Kazakhstan for 2005". Data provided by mining companies according to requirements of the EITI program.
- **December**: Publication of the second report "Reconciliation of receipts and payments to the budget submitted by mining companies and the Ministry of Finance of the Republic of Kazakhstan for 2006".
Additions were made to the New Law “On Subsoil and Subsoil Use” Art.76, item 6 On observance by subsoil users of the MOU.

The 2009 validation report revealed discrepancies in the EITI standards.

The EITI International Secretariat decided to give Kazakhstan 18 months to correct the deficiencies.

Based on the validation results, the EITI International Board assesses Kazakhstan’s compliance with all EITI requirements and is assigned the “EITI follower country” status.

The annual IX National EITI Conference in an interactive mode held and provided by panel discussions within the framework of the Kazenergy.

According to the results of the next validation by the International Board EITI has recognized significant progress and made recommendations to fully achieve the EITI Standard.
The results are published by promoting awareness and discussions about how a country can better manage its rich natural resources.

13 National EITI Reports were published during EITI implementation, in 2005-2017. All of them are available on the National EITI website [www.eiti.geology.gov.kz], as well as on the website of the EITI International Secretariat [www.eiti.org].

State revenues and payments of companies are disclosed along with other information in the extractive sector.

National Interested Group of Parties (Government, industry and civil society) decides how their EITI process should work.
Basic data of the national report for 2017

Total taxes and other mandatory payments from mining companies:

3,893,302,349 (in KZT thousands)

Tax and other payments to the budget from the payers of the oil and gas sector, incl. for reconciliation:

3,298,530,398 (84.7%)

Tax payments to the budget from payers of the mining sector, incl. for reconciliation:

594,771,951 (15.3%)

3,272,904,740 (99.2%)

584,832,409 (98.3%)

Mining companies paid to the budget of Kazakhstan - 3.9 trillion tenge
DISTRIBUTION OF TAXES AND OTHER MANDATORY PAYMENTS (KZT thousands)

<table>
<thead>
<tr>
<th>Category</th>
<th>Before Reconciliation</th>
<th>After Reconciliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>To the National Fund of Kazakhstan</td>
<td>2 033 364 182</td>
<td>2 029 674 768 (99.8%)</td>
</tr>
<tr>
<td>To the Republican budget</td>
<td>1 522 845 720</td>
<td>1 497 023 163 (98.3%)</td>
</tr>
<tr>
<td>To the Local budgets</td>
<td>337 092 447</td>
<td>331 039 218 (98.2%)</td>
</tr>
</tbody>
</table>

The National Report presents data from 163 extractive companies with large taxes:

- 72 companies in the oil sector (>1 billion KZT per year)
- 91 companies in the mining sector (>100 mln KZT per year)
INCOME TO THE STATE FROM SUBUSERS

OIL AND GAS SECTOR
[3 298 530 398] (thous.KZT)

Incl.reconciliation 3 272 904 740 (99.2%)

Altogether Kazakhstan

Proved oil reserves are 4.6 billion tons, free gas 1.7 trillion. cub. m of dissolved gas 2.2 trillion. cub. m and condensate 427 million tons.

% reserves of hydrocarbons are concentrated in the west of Kazakhstan

% The reserves of oil are concentrated in 15 largest deposits

regions of Kazakhstan have deposits on their territory.

1 831 584 806
595 068 883
401 012 664
152 089 767

Atyrau
Mangystau
West - Kazakhstan
Kyzylorda

Aktobe
South - Kazakhstan
East - Kazakhstan

Atyrau and East-Kazakhstan regions are leaders in payments to the state from the oil and gas and mining sectors.
INCOME TO THE STATE FROM SUBSOIL USERS
MINING SECTOR
[594 771 951] (thous.KZT)

Incl., reconciliation 584 832 409 (98.3%)

The share of reserves of the main types of minerals in Kazakhstan in world reserves is:

- oil 1.8%
- gas less 1%
- coal 4%
- uranium 19%
- iron 6%
- manganese 30%
- bauxite
- chromites 38%
- copper 5.5%
- lead 10.1%
- zinc 9.5%
- gold 2.7%

- 12th place
- 21st place
- 7th place
- 2nd place
- 6th place
- 3rd place
- 14th place
- 1st place
- 8th place
- 3rd place
- 4th place
- 14th place

South-Kazakhstan 56 401 205
Aktobe 129 634 822
Karagandy 98 641 853
East-Kazakhstan 156 564 566
Pavlodar 44 757 129
Kostanay 50 608 020

Akmola 18 091 925
Kyzylorda 10 005 577
Zhambyl 15 137 185
Almaty 563 382
North-Kazakhstan 331 834
UNIFIED STATE SYSTEM OF SUBSOIL USERS MANAGEMENT

Final report on tax and non-tax payments / receipts of payers of the oil and gas and mining sectors of the Republic of Kazakhstan

Name field of the company (see the list)

Consolidated report on expenditures for social development and local infrastructure

Reports on companies are available online in the USSU website egsu.energo.gov.kz
SCHEME OF DIVIDEND PAYMENT TO THE REPUBLIC BUDGET FOR 2017

Oil and Gas sector
- КазМунайГаз
  - ACCRUED 4 547,5 mln
- National Bank
  - 41 330 mln
  - Republican Budget

Mining sector
- KAZATOMPROM
  - 65 848,7 mln
- 5617,5

Geological prospecting sector
- Тау-Кен Самрук
  - 79,5 mln
- State Revenue Committee
EXTRACTIVE INITIATIVE TRANSPARENCY INDUSTRY

Extractive companies, Subsoil users...
Tax report, confirmed by audit, data on social investments.

USSM
Dividends data.

Samruk-Kazyna JSC, National companies.
Dividends data.

MID, ME RK.
Data on volumes of production, exports, training costs and local content by reports (LCU).

Accounts Committee for Control over the Execution of the Republican Budget.
Verification and confirmation of data.

Ministry of Finance of the Republic of Kazakhstan
Tax Committee, Customs Committee, Authorized body report

KazTransOil, KazTransGas, KRW.
Transport data.

Independent Audit Company.

NCP
Civil society
State bodies
Media
THE DYNAMICS OF THE KAZAKHSTAN INCOME SHARE FROM EXTRACTIVE COMPANIES
(trillion KZT)

State revenue:
- 2013: 6.4 trillion KZT
- 2014: 7.8 trillion KZT
- 2015: 8.2 trillion KZT
- 2016: 9.3 trillion KZT
- 2017: 11.6 trillion KZT

Revenues to the National Fund:
- 2013: 4.0 trillion KZT
- 2014: 5.4 trillion KZT
- 2015: 11.8 trillion KZT
- 2016: 1.0 trillion KZT
- 2017: 3.5 trillion KZT

Expenses of the State:
- 2013: 6.8 trillion KZT
- 2014: 7.8 trillion KZT
- 2015: 8.2 trillion KZT
- 2016: 9.4 trillion KZT
- 2017: 12.5 trillion KZT

Payments of the oil and gas sector:
- 2013: 2,13 trillion KZT
- 2014: 4,53 trillion KZT
- 2015: 2,43 trillion KZT
- 2016: 2,13 trillion KZT
- 2017: 3,3 trillion KZT

Payments of the mining sector:
- 2013: 0,24 trillion KZT
- 2014: 0,28 trillion KZT
- 2015: 0,24 trillion KZT
- 2016: 0,48 trillion KZT
- 2017: 0,59 trillion KZT

Share of government revenues from the oil and gas sector:
- 2013: 28%
- 2014: 36%
- 2015: 62%
- 2016: 28%
- 2017: 28%

Share of government revenue from the mining sector:
- 2013: 6%
- 2014: 3%
- 2015: 4%
- 2016: 6%
- 2017: 5%

*Extractive companies form about 35% of state revenues*
Implementation of the **Roadmap** for the disclosure of the final beneficiaries according to the International Requirement of the **EITI Standard 2016**, which by **2020** will become mandatory.

Open data policy, promotion of transparency, data accessibility, public debate, elimination of corruption. **Timely filling of the information** on the open data, and also **expansion the spectrum** of their content on the website of the Government of open data: [www.data.egov.kz](http://www.data.egov.kz)

Disclosure of contracts is one of the most **important steps** for countries, implementing the EITI, since it is aimed at more efficient management of extractive resources. Transparency of contracts fosters constructive **relations between citizens**, companies and Government that can reduce conflict and promote stability in this sector.