EITI Progress in Kazakhstan

Astana, 2019
Integration preparedness

CURRENT INFORMATION DISCLOSURE SCHEME

- EXTRACTIVE COMPANIES, SUBSOIL USERS, TAX REPORT, CONFIRMED BY AUDIT, DATA ON SOCIAL INVESTMENTS.
- SAMRUK-KAZNA JSC, NATIONAL COMPANIES, DIVIDENDS DATA.
- ASTANA AKIMAT, SOCIAL INVESTMENTS DATA.
- MID, ME RK DATA OF VOLUMES OF PRODUCTION, EXPORTS, TRAINING COSTS AND LOCAL CONTENT BY REPORTS (IKU).

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.

STATE BODIES

MEDIA

TRANSITION TO EITI INTEGRATION

- USSM
- IS NBD
- OFFICIAL INTERNET RESOURCE
- OPEN DATA'S WEBSITE

COMPANIES

STATE BODIES

PUBLIC

INVESTORS
The main results

• Most of the financial and contextual information is constantly updated and already available online:
  
  Data bases of the companies are available through the Unified State System for the Management of Subsoil Use (USMS);
  
  Government agencies reveal their revenues through the USMS portal and the website of the State Revenue Committee.

• Data reliability of the government and companies is high. It can be observed by the insignificance of the imbalance with audited financial reports, which are published online.

• The National Council (NCIP) can focus on the analysis, rather than data collection
What has already been integrated?

➢ data on tax and non-tax payments of the extracting companies in the mining, oil and gas sectors;
➢ data on payments for state shares;
➢ data on expenditures for social development and local infrastructure;
➢ data on quasi-fiscal expenditures;
➢ data on persons directly or indirectly controlling the subsoil user (the access is limited).
What has already been integrated?

gis.geology.gov.kz/geo/
adilet.zan.kz/rus/search/origins
Pilot study

➢ **Duplication must be excluded:**
  • reporting on tax and non-tax income submitted by subsoil users to the State Revenue Committee and included in the USMS.

➢ **The register of licenses** must be updated (to include the dates of the application fillings and make sure that other information is entered for all sites).

➢ Continue to make active efforts to ensure contract transparency.

➢ Prepare the publication of data on beneficiary ownership online until 2020.

➢ Provide a complete list of all state-owned enterprises (SE) involved in the extractive industries; reveal the data on government loans and guarantees; reveal the ownership of all branches and subsidiaries; identify and reveal quasi-fiscal expenditures.

➢ Implement a regular reveal of transportation revenues.

➢ Explain the government revenue audit process.
The future of the EITI reporting in Kazakhstan

- **NCIP** will be maintained for the transition period, as well as for the purpose of conducting periodic control of the information disclosure. Subsequent roles and obligations of the NCIP should be defined.

- USMS portal contains audited financial statements of the companies; NCIP should consider the possibility of making the financial statements of all companies available online through the USMS portal.

- NCIP must find out if it is possible to integrate data from the Ministry of Finance (State Revenue Committee) and USMS portal. As an interim step, the national secretariat will input data from the government to the portal. In the long-term plan, revenue data should be provided directly on the site of the State Revenue Committee.

- Transition from annual reconciliation of data to less frequent (for example, once every two years) random checks and a fewer sets of income (for example, those with discrepancies). The government will issue annual EITI reports and annual progress reports, which cover non-financial data, such as data on production volumes, social projects, local specifics, etc.
Kazakhstan underwent another validation process in 2017. A decision was made in regards to the status of Kazakhstan during the 39th Meeting of the EITI International Board in Oslo (Norway) on February 13-14, 2018. The EITI International Board decided that Kazakhstan has made a significant progress in the EITI implementation. A number of recommendations was given to improve the further implementation of the EITI [http://eiti.geology.gov.kz/ru/validation](http://eiti.geology.gov.kz/ru/validation).

<table>
<thead>
<tr>
<th>Categories</th>
<th>Requirements</th>
<th>PROGRESS LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervision of IGIP</td>
<td>Government involvement (1.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Industry involvement (1.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Civil society participation (1.3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IGIP management (1.4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work plan (1.5)</td>
<td></td>
</tr>
<tr>
<td>Licenses and Contracts</td>
<td>Legal basis (2.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Licensing (2.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Registry of the licenses (2.3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contract disclosure policy (2.4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Beneficiary ownership (2.5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>State involvement (2.6)</td>
<td></td>
</tr>
<tr>
<td>Production volume monitoring</td>
<td>Exploration data (3.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Production volumes (3.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Export volumes (3.3)</td>
<td></td>
</tr>
<tr>
<td>Revenue collection</td>
<td>Completeness (4.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Incomes in kind (4.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Barter deals (4.3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shipping fees (4.4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SE transactions (4.5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Direct subnational payments (4.6)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Data disaggregation (4.7)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Timeliness of the data (4.8)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Data quality (4.9)</td>
<td></td>
</tr>
<tr>
<td>Revenue distribution</td>
<td>Revenue distribution (5.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Subnational outgoings (5.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revenue management and expenditures (5.3)</td>
<td></td>
</tr>
<tr>
<td>Socio-economic contribution</td>
<td>Social expenditures (6.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quasi-fiscal expenditures (6.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contribution to the economy (6.3)</td>
<td></td>
</tr>
<tr>
<td>Results and impact</td>
<td>Public debates (7.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Data availability (7.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Implementation of recommendations (7.3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Results and impact of implementations (7.4)</td>
<td></td>
</tr>
</tbody>
</table>
Beneficiary ownership

EITI standards are included in the Code on Subsoil and Subsoil use:

- Subsoil users must provide the EITI report (art. 76);
- Report on the group of persons directly or indirectly controlling the subsoil user (art. 132, 180 and 195).
- The corresponding forms were developed and approved by the orders of the Ministry of the Economy and the Ministry of the Infrastructure Development of the Republic of Kazakhstan and involved in the USMS system.
Goals and objectives of the NDB

The goals of the NDB:
➢ A development of information system intended for the data storage, availability of the subsoil information in order to attract the \textbf{investments in the sphere of subsoil use} and improve the \textbf{geological knowledge} of the state territory.

The objectives of the NDB:
1. The consolidation of geological and geophysical digital information in the Unified data base;
2. Providing an access to the state agencies, investors and current subsoil users to the processes of subsoil use, geological and geophysical information by the development of the online portal;
3. The implementation of the single window principle for potential and active investors by simplifying an access to the processes of subsoil use and public services;
4. Automation of business processes in subsoil use;
5. Monitoring of all operations in the sphere of subsoil use (including monitoring the performance of contractual obligations);
6. Formation of all analytical reports for the state agencies and others.

Project implementation timeline:
✓ 2018-2019
Architecture of the NDB

**Portal**
- **Industry expert**
  - Personal cabinets
    - Registration, user authorization
    - Profile setup
    - Business processes management through personal cabinets
- **Subsoil users**
  - Interactive map
    - Layers, counters, map
    - Submitting of open information
    - Information search on the portal
- **Administrator**
  - Visualization of analytics
    - Reports, dashboards
    - Views and uploads of reports

**Business processes**
- Automation of subsoil use processes, such as the submitting of GI packages, subsoil use rights, contracting, etc.

**Data bank**
- Gathering, accounting and storing of the following information:
  - ✓ Primary geological information (HCF, SM, UW, CM)
  - ✓ Geological reporting
  - ✓ Reports on EITI
  - ✓ Other GI

**Analytics**
- Formation of analytical reports from the various data sources for specific state agencies and other interested parties.

**Integration**
- Migration
  - DB SM
  - DB HCF
  - Other DB

- Other IS
- IIS
- USMS
- SU
- RK

- Payment gateway

Industry expert
Subsoil users
Administrator
What has been done?

«The interactive map of the operating objects of subsoil use of the RK» (SM, UW, HCF, CM – pilot project) has been developed. A geological map layer is placed (in a raster format) at a scale of 1:200 000.

More than 130 000 blocks are included in the State Subsoil Fund Management Program.

An «Electronic card-catalogue of geological reports» has been created, which provide an access to the meta-data of more than 130 000 reports.

«Exploration degree» IS (more than 65 000 cards), which is integrated with «Electronic card-catalogue of geological reports».

Online access is available to the IS:
Internet-resource CGSU -> Press center -> Useful information
Projects effects

- Online submission and review of applications
- Transparency in the sphere of geology and subsoil use
- Signing of documents using EDS
- Providing online reports
- Online acquisition of geological information
- Online Availability of other subsoil use information

Increase of investment attractiveness
Thank you for attention!