

The background of the entire page is a photograph of an oil pumpjack (jackal) silhouetted against a vibrant sunset sky. The sun is low on the horizon, creating a strong orange and yellow glow. The pumpjack's long arm and counterweight are visible, extending towards the top of the frame. A yellow rectangular box is overlaid on the upper left portion of the image, containing the title and subtitle text.

Mainstreaming EITI

Pilot Study in the Republic of
Kazakhstan

August 2017



Building a better
working world

List of terms and acronyms

IACOG JSC	Information-Analytical Centre of Oil and Gas JSC
KTZ JSC	Kazakhstan Temir Zholy JSC
ME ITSS	ME Department of Information Technologies and Public Services
MID DSU	MID Department of Subsoil Use
ME SU	ME Department of Subsoil Use
EGSU	Unified State System of Subsoil Use Management
Quasi-fiscal expenditures	Quasi-fiscal expenditures include arrangements whereby SOE(s) undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process, according to the Requirement 6.2 of the EITI Standard 2016 ¹ (p.28).
MF SRC	State Revenue Committee of the Ministry of Finance, Republic of Kazakhstan
MSG	Multilateral Stakeholder Group
MID	RK Ministry of Investments and Development
MNE	RK Ministry of National Economy
ME	RK Ministry of Energy
MF	RK Ministry of Finances
NGDB	National Geologic Data Bank
LR	Laws and regulations
NSC	National Stakeholder Council (in Kazakhstan)

¹ Reference to the EITI Standard 2016: <https://eiti.org/document/standard>

Registry of GWS	Register of goods, works and services used in subsoil operations and their producers (state information system established for the control and monitoring of purchase of goods, works and services used in subsoil operations and their producers, as well as for electronic purchase and establishment of the list of goods, works and services used in subsoil operations).
SURAC	Subsoil User Report Acceptance System
Accounts Committee (AC)	Accounts Committee supervises budget execution of the Republic of Kazakhstan
SMRs	Solid mineral resources
HC feedstock	Hydrocarbon feedstock
EITI	Extractive Industries Transparency Initiative
LCC	License Contractual Conditions
RK	Republic of Kazakhstan

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1. EXECUTIVE SUMMARY

This report has been compiled by EY company which was selected to act as the consultant with regards to the pilot study on mainstreaming EITI in Kazakhstan. The study comprised the following objectives:

- ▶ consideration of the current situation regarding disclosure of data by extractive industries as required by the EITI Standard (see Section 5),
- ▶ identification of data from extractive industries that was made publicly available through information systems, government registries and cadasters, reports and other sources of information (see Section 5),
- ▶ analysis of completeness, timeliness, availability and veracity of disclosed data (see Sections 5.2, 5.3 and Annex 3),
- ▶ identification of gaps and duplication/overlaps in collecting and/or disclosure of EITI data as well as development of recommendations aimed at elimination of such gaps and duplication (see Sections 5.2, 5.3, 6 and Annex 3),
- ▶ holding consultations and interviews with stakeholders concerning disclosure of EITI data and overall process of EITI implementation in Kazakhstan to ensure proper understanding of mainstreaming EITI in the country (see Sections 5.2, 5.3, 6 and Annex 3),
- ▶ working out a Road Map on mainstreaming EITI in Kazakhstan (see Annex 3).

Current situation regarding disclosure of data by extractive industries

11 National EITI Reports were published in Kazakhstan in 2005 and 2016. The reports represent the main channel of EITI data disclosure in the country.

Meanwhile, since 2014, subsoil user companies use the automated online EGSU (Unified State System of Subsoil Use Management) system to provide EITI data on the following:

- ▶ tax and non-tax payments from extractive oil, gas and mining companies,
- ▶ payments on ownership share held by the government,
- ▶ social expenditures and local infrastructure.

In addition, EGSU provides limited access to other types of data whose disclosure is required by EITI. In particular, the text of subsoil use contracts, reports on implementation of LCC obligations, and other types of data (for more detailed information, consult Section 5.1.1).

Recommendations and Road Map on mainstreaming EITI in Kazakhstan

Outlined further in this report, the recommendations seek to address gaps discovered by the study pertaining to disclosure and duplication/overlaps of EITI data. The study produced the following key recommendations:

- ▶ Prevent overlap between reporting on tax and non-tax revenues submitted by subsoil users to SRC, and entered into EGSU.
- ▶ Continue making active efforts to ensure disclosure of subsoil use contracts.

- ▶ Introduce a mechanism to compare payments from subsoil users for the implementation of specific development programs and/or regional development with revenues from extractive industries.
- ▶ Rule out duplication of the following data:
 - on the number of employees and local content used by extractive companies,
 - on extractive companies' spending to ensure proper training of local employees,
 - on the share of local content in procured GWS, including the cost of training in the area of GWS.
- ▶ Continue ensuring active disclosure of beneficial ownership data by extractive companies.

Based on the recommendations produced, a Road Map on Mainstreaming EITI was worked out in Kazakhstan. According to EY assessment, it is possible to ensure EITI mainstreaming in Kazakhstan within two years.

In overall, successful EITI mainstreaming in the country is largely possible due to the effective operation of online EGSU system and because of the willingness to at least implement recommendations aimed at filling out gaps in disclosure of mandatory data, according to the EITI Standard requirements (for more detailed information, consult Section 6 and Annex 2).

2. EITI IMPLEMENTATION WORLDWIDE AND IN THE REPUBLIC OF KAZAKHSTAN

2.1 EITI Implementation worldwide

The Extractive Industries Transparency Initiative (EITI) is a universal standard which contributes to transparency, open governance and accountability in oil, natural gas and minerals' production.

EITI specifically focuses in on a number of issues ranging from conclusion of subsoil use contracts and distribution of extractive companies' payments between various levels of the country's budget to contribution the extractive industries make to national economy.

The Standard² is based on the EITI Principles which define generic objectives and obligations of stakeholders. Also, the Standard outlines the following:

- ▶ procedure of countries' accession to EITI,
- ▶ EITI requirements to be fulfilled by EITI countries,
- ▶ Validation procedure,
- ▶ provisions on participation of civil society in the EITI process,
- ▶ open data policy,
- ▶ and, a section dedicated to the international direction and management of EITI.

The implementing country should define EITI implementation procedure with due regard to specific characteristics of the country in consideration. For example, different countries may use specific online systems or portals that might be administered by the Government. For this reason, it is the country itself that should consider possible ways to integrate disclosure of data from extractive industries with existing online systems and portals.

Produced by individual EITI countries, the *EITI Report* represents the key instrument allowing for collection and publishing of significant amount of data on EITI countries' extractive industries. Also, such reports include recommendations seeking to improve the system of collecting tax and non-tax revenues, audit procedures, legal and administrative reforms, etc.



2.2 EITI implementation in Kazakhstan

In June 2005, the President of Kazakhstan N. A. Nazarbayev officially announced the country's commitment to the EITI. Later in 2005, the Memorandum of Understanding (MoU) with regards to EITI implementation³ was signed between the Government and extractive companies.

² Link to website with the EITI Standard: <https://eiti.org/document/standard>

The Table below portrays the EITI implementation process in Kazakhstan, including significant EITI mainstreaming events (see Figure 1).

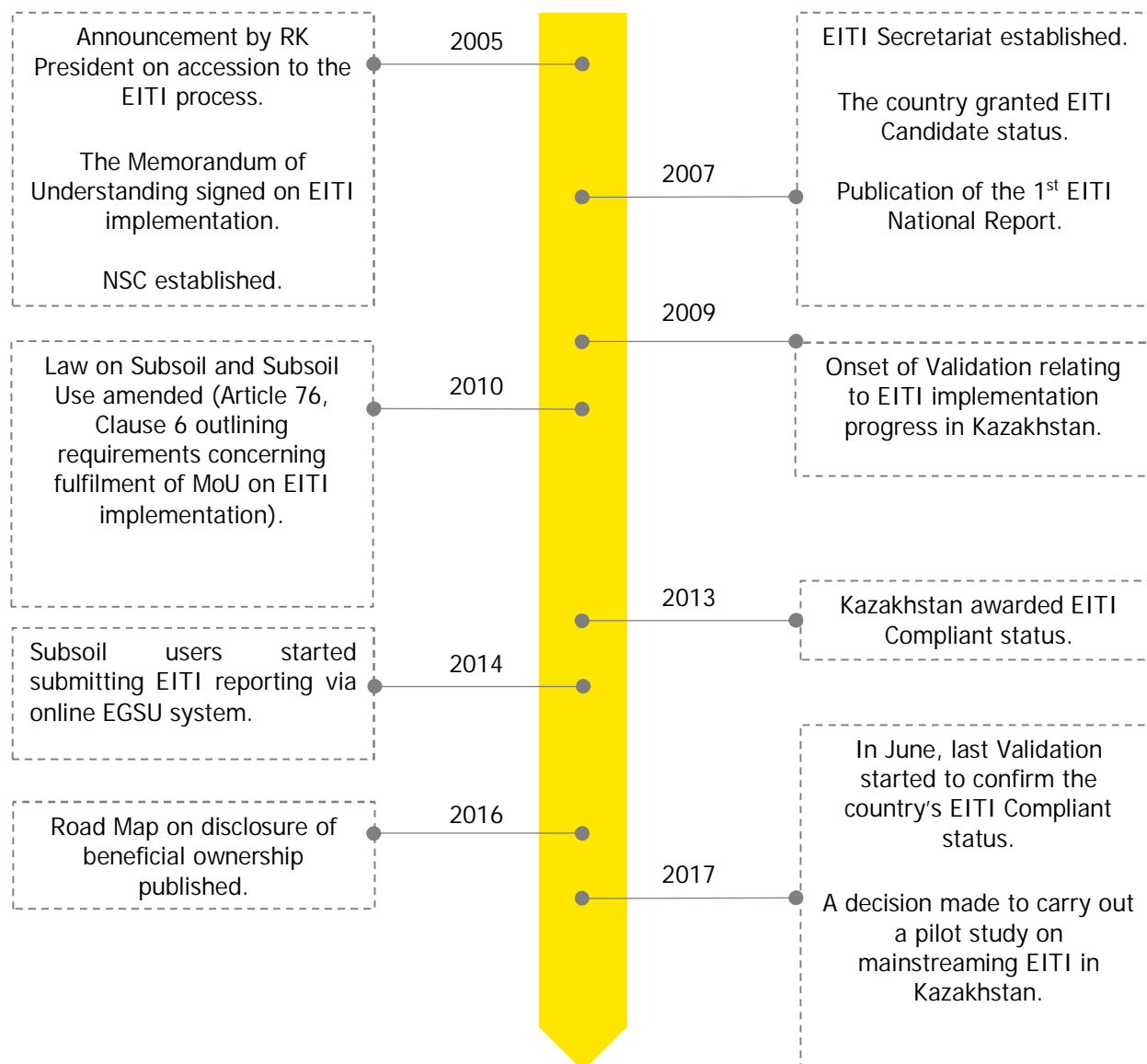


Figure 1. Timetable of EITI implementation process in Kazakhstan, including significant EITI mainstreaming events.

In 2010, the Law on Subsoil and Subsoil Use (Article 76, Clause 6: outlining requirements concerning fulfilment of MoU on EITI implementation) was amended, thus obliging subsoil users to produce reporting on their tax and non-tax payments to the country's budget. In

³ Link to website with the MoU (document title: Memorandum of Understanding 2013): <http://eiti.geology.gov.kz/ru/homepage/normative-base>

keeping with these reporting requirements, the subsoil user companies must confirm that the payment amounts they allocate are duly audited in compliance with the international standards.



As of August 2017, 11 publicly available national EITI reports⁴ have been produced on the annual basis by an independent organization funded from the country's budget.

EITI implementation is coordinated by the National Stakeholder Council (NSC) that is composed of the following representatives:

- ▶ RK Government;
- ▶ RK Mazhilis or Parliament;
- ▶ RK associations of oil and mining companies;
- ▶ and, the country's non-governmental sector.

The NSC decision-making procedure is based on reaching consensus. Decisions of NSC are embedded in protocols and thus made publicly available⁵. NSC considers and approves

EITI Work plans⁶ which include current objectives pertaining to EITI implementation in Kazakhstan and ways to reach them.

Being responsible for development of EITI process in the country, EITI National Secretariat (under the Committee of Geology and Subsoil Use, Ministry of Investments and Development) ensures implementation of tasks embedded in the Work plans and approved by NSC. The Secretariat holds conferences, workshops, round tables, meetings and other events envisaging, inter alia, achievement of goals pertaining to EITI implementation in Kazakhstan, raising awareness of EITI, and EITI promotion in the public and private sectors of the country.

Annually, progress reports are published to cover EITI⁷ implementation process. APRs list recommendations of EITI Validator aimed at improving compliance with EITI requirements, and reflect the progress in meeting them.

Starting in July 2017, Kazakhstan will undergo another Validation procedure in order to confirm the status of EITI Compliant country it acquired following last Validation in 2013⁸.

⁴ Link to website with EITI Reports: <http://eiti.geology.gov.kz/ru/national-reports>

⁵ Link to website with minutes of NSC meetings: <http://eiti.geology.gov.kz/ru/the-national-council/minutes-of-meetings>

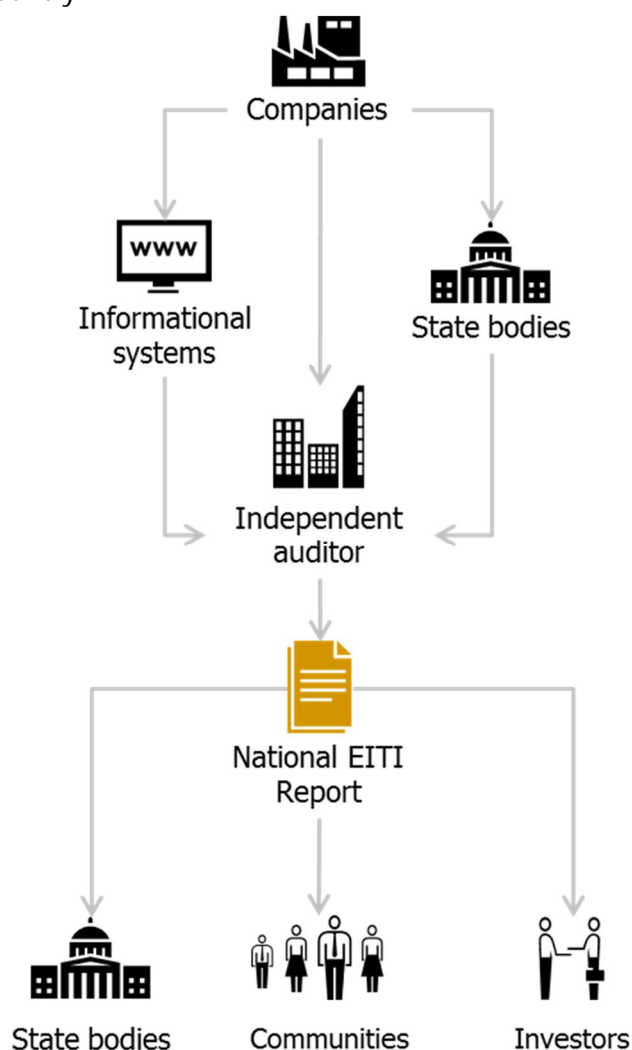
⁶ Link to website with EITI Work plans: <http://eiti.geology.gov.kz/ru/work-plan>

⁷ Link to website with Progress Reports on EITI implementation in Kazakhstan: <http://eiti.geology.gov.kz/ru/homepage/progress-reports-on-the-implementation-of-the-eiti>

⁸ Link to EITI National website in Kazakhstan: <http://eiti.geology.gov.kz/ru/homepage/what-is-eiti>

3. DESCRIPTION OF THE PILOT STUDY

Despite some progress reached in EITI implementation in Kazakhstan and throughout the world, in particular, in the area of producing and publishing annual EITI Reports, transparency of extractive industries must not be limited only to production of such reports but should become an integral part of the overall extractive industries governance mechanism in the country.



An EITI country ensures an independent organization is contracted to compile an EITI Report. The picture here indicates the 'conventional' EITI reporting process. An Auditor uses various public sources to collect data on the country's extractive industries. Based on this data the national EITI Report is then developed.

Nevertheless, the governments of EITI implementing countries are also encouraged to ensure that the data provided by extractive industries in keeping with the EITI Standard is made publicly available, including via government and corporate reporting systems such as data bases, websites, annual reports, online data portals, registries, etc.

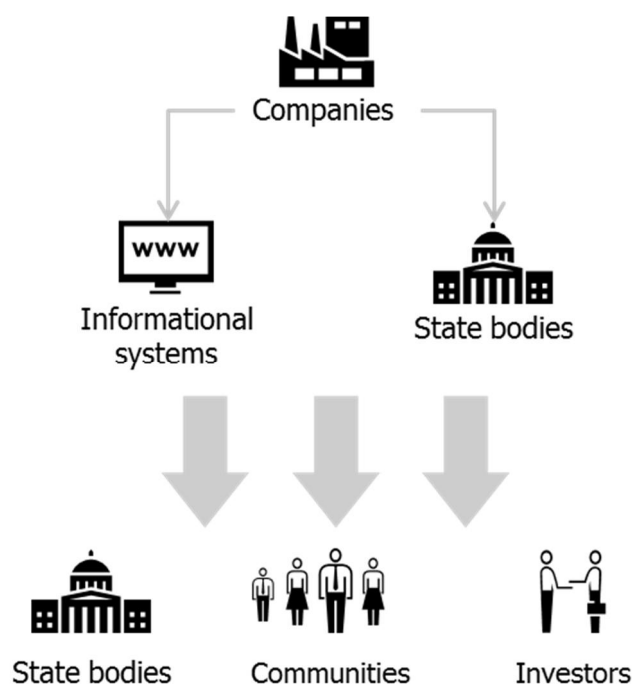
By setting in place transparent governance and management of its extractive industries, the country thus ensures the process of EITI mainstreaming. That said, in some cases, the implementing countries have already established the reporting instruments needed to mainstream EITI. In other cases, such systems either do not exist or seem underdeveloped, or they are not

adequately adapted to the specific

features of EITI.

The study and analysis of current situation regarding disclosure of data streaming from the country's extractive industries could result in assessment of achievability of EITI mainstreaming.

The picture in the right shows the mechanism of reporting during the process of mainstreaming EITI in the country. Mainstreaming implies an ongoing practice of using data systems and other sources to ensure EITI data disclosure by extractive companies and government agencies. For a more detailed list of data sources, please see the Matrix of Disclosures (see Annex 3).



In 2017, NSC of Kazakhstan decided to carry out a pilot study on mainstreaming EITI in Kazakhstan. *In essence, the study* will focus on the current reporting situation in the extractive industries of Kazakh economy, including identification of currently active data systems, *gaps* and *duplication* of data disclosed by different sources.

In addition, the possibility of ruling out duplication/overlapping of data disclosed through existing data systems and accumulated in the national EITI reports is explored. While certain segments of data currently embedded and accumulated in the national EITI reports have already been published by other sources, the possibility of preventing their use in national reports is therefore of importance.

Doing this will ensure proper assessment of the country's readiness for a transition to mainstreaming EITI. This kind of analysis facilitates development of recommendations aimed at improving extractive industries data reporting systems, thus contributing to possible reduction of costs for development of EITI national reports, reconciliation of payments, etc.

3.1 Scope of Works encompassed by Terms of Reference

According to the Terms of Reference, the Consultant was required to work out a pilot study report which would ensure the following:

- ▶ evaluation of the extent to which Kazakhstan provides free access to information required by the EITI Standard;
- ▶ provision of information regarding hurdles or gaps in terms of timeliness, completeness and genuineness of disclosed EITI data as well as technical or financial requirements for disclosure of such data;
- ▶ provision of information regarding stakeholder opinions and their preparedness to ensure disclosure of EITI data streaming from the government and corporate reporting systems;
- ▶ the Consultant must propose to ensure presentation of the Road Map on data disclosure within the framework of the EITI mainstreaming process. The Road Map should list

different tasks and contain proposals regarding responsible executives, tentative terms and required resources.

Thus, the Consultant had to fulfill the following tasks:

1. Scrutinize the NSC Work plan to ensure a clear understanding of goals and limits of mainstreaming EITI in Kazakhstan. There was a requirement to consider all NSC progress reports on EITI implementation in order to grasp the progress reached in achieving the Council's objectives, and study the measures taken by NSC to ensure fulfilment of recommendations proposed both during preparation of previous EITI reports and previous Validations.
2. Hold consultations with stakeholders and, in particular, with NSC members and RK government agencies involved in governing extractive industries of Kazakh economy to learn their opinions regarding possible hurdles in terms of ensuring the disclosure of EITI data by government and corporate systems.
3. Produce a pilot study report describing the following items:
 - i. listing government agencies responsible for collection and storage of data required by the EITI Standard (EITI Requirements 3 and 4);
 - ii. defining the types of data required by the EITI Standard which has been made feely accessible, and their format (e.g. online cadasters and registries, websites of governmental bodies on legal, fiscal and administrative aspects of the sector, etc.). It was also proposed to consider the types of data that companies published through their reports and websites, including possible expansion of the scope of data disclosed through these sources;
 - iii. assessment of data relevance, its completeness (from the perspective of meeting the EITI Standard requirements) and genuineness. If there is a number of publicly accessible data sources, proper reconciliation of data from such sources is expected;
 - iv. following detection of gaps in disclosure of EITI data (and/or where the genuineness of data seems questionable), certain recommendations were proposed on measures to rectify such gaps, including improvements to ensure better relevance, completeness, genuineness, collection, storage and accessibility of information. It was required to determine if government systems can contain publicly inaccessible data which could be easily published online. Other barriers to EITI data disclosure were also expected to have been identified through government reporting systems;
 - v. an approach to disclosure of financial data according to the EITI Standard (Requirements 4 and 5) was described. Within the framework of this study, recommendations were expected to have been proposed with regards to ensuring proper disclosure of financial data through government and corporate systems. For example, this could be done through introduction of reporting in online cadasters on existing licenses or by ensuring publication of data bases and/or reporting templates on websites of government agencies, companies and/or national EITI website. Based on the analysis of previous EITI Reports and quality assurance of audits

carried out in companies and government agencies (which were part of EITI reporting), recommendations were expected to have been submitted regarding reconciliation of financial data and proper justification of recommended options.

4. Based on the pilot study, a road map on EITI mainstreaming was to be proposed with due account of Requirement 2 regarding timeliness of EITI reporting. The road map must include fulfilment of necessary tasks to ensure comprehensive disclosure of data by the government and corporate systems and responsible parties as well as approximate terms and resources.

3.2 Brief description of study methodology

As mentioned above, Requirements from Section 3 of the EITI Standard 2016 (p. 12)⁹ were used to arrive at proper understanding of the extent to which EITI data is collected, stored and disclosed in Kazakhstan. Then, every requirement of the Standard would be worked out in detail and broken down to single data units.

Corresponding with each requirement of the Standard, all thus produced data units were entered into the Matrix, or map, on data disclosed by extractive industries (see Annex 3).

To produce single data units, various segments of information had to be collected and analyzed, including the following: information on which entity ensured collection, storage and disclosure of a given data unit; which source was used to collect, store and disclose the data unit; links to websites, if applicable; data on completeness, etc.

While filling out the Matrix, EY held consultative meetings and took interviews with various government agencies, subsoil user companies, industrial associations and subsidiary structures which, more or less, participate in the process of EITI implementation in Kazakhstan as well as EITI data reporting. The list of consulted and interviewed entities is provided in Annex 1.

Collected and finalized in the Matrix, the information was then used to identify data disclosure gaps (see Section 5.2) as well as cases of duplication in the process of data collection and/or disclosure (see Section 5.3).

Then, the consultant analyzed each gap and duplication/overlap to develop recommendations on data disclosure, improvement of disclosure completeness and timeliness, data accessibility and genuineness, etc., according to the EITI Standard Requirements. The recommendations were then embedded in the Road Map on mainstreaming EITI in Kazakhstan (see Annex 2).

For more detailed information on the study methodology, please see Annex 1.

⁹ Link to webpage with the Standard: <https://eiti.org/document/standard>

4. REQUIREMENTS OF EITI STANDARD APPLICABLE TO DATA DISCLOSURE

This pilot study was based on the most relevant version of the Standard, notably the EITI Standard 2016¹⁰. Requirements 2 – 6 (pp. 17-29) provide details on the kinds of extractive industries' data that are subject to disclosure, according to the Standard. Described below is the particular information on each Requirement of the EITI Standard 2016 for implementing countries to consider.

EITI Requirement 2. Legal and institutional framework, including allocation of contracts and licenses (pp. 17-21, EITI Standard)

2.1

Implementing countries must disclose a description of the country's legal framework and fiscal regime governing the extractive industries. This includes description of the list of applicable laws with their text, regulations, reforms, functions and responsibilities of government agencies regulating extractive industries.

2.2

Implementing countries are required to disclose information on the country's practice related to the award of licenses (signature of subsoil use contracts), including the licensing regime (signature of subsoil use contracts), existing criteria of license allocation or holding contests for subsoil use rights, transfer and suspension of subsoil use rights, etc.

2.3

Implementing countries must maintain a registry of subsoil use contracts, including information on holders of subsoil use rights, location of contract areas and effective terms of subsoil use rights.

2.4

Implementing countries are encouraged to disclose data on subsoil use contracts, i.e. their complete text. In addition, there is a need for information on existing national practice of contract disclosure, i.e. laws and/or LAs that regulate this issue.

2.5

Implementing countries are recommended to disclose data on beneficiaries of entities/companies participating in contests for subsoil use rights and operating or investing in extractive assets, specifying names of beneficiaries, their participating interest in extractive companies and information about how ownership or control of such assets is exerted.

2.6

Implementing countries are required to provide a description of rules and provisions regulating financial relations, transfer of financial resources, and provide data on government stakes in national extractive companies, including information on the loans and State guarantees provided for the country's extractive companies.

¹⁰ Link to download the Standard 2016: <https://eiti.org/document/standard>

EITI Requirement 3. Exploration and production (p. 22, EITI Standard)

3.1

Implementing countries should disclose an overview of the extractive industries, including any significant exploration activities.

3.2

Implementing countries must disclose production data covering reporting period, including both the value of production and total production volumes.

3.3

Implementing countries must disclose export data covering reporting period, including total export volumes and the value of exports by commodity, and, when relevant, by state/region of origin.

EITI Requirement 4. Revenue collection (pp. 22-26, EITI Standard)

4.1

According to this requirement implementing countries should agree which payments and revenues are material and therefore must be disclosed. This requires establishing appropriate materiality definitions and thresholds

The following revenue streams from extractive industries should be included:

- ▶ The host government's production entitlement (such as profit oil),
- ▶ National state-owned company production entitlement,
- ▶ Profits taxes,
- ▶ Royalties (tax for production of natural resources),
- ▶ Dividends,
- ▶ Bonuses such as signature, discovery and production bonuses,
- ▶ Benefits from commercial discovery bonuses,
- ▶ License fees, rental fees, entry fees and other considerations for licenses and/or concessions,
- ▶ Any other significant payments and material benefit to government.

4.2

According to this Requirement, where the sale of the state's share of production or other revenues collected in kind is material, the government, including state-owned enterprises, are required to disclose the volumes sold and revenues received. The published data must be disaggregated by individual buying companies and to levels commensurate with reporting of other payments and revenue streams.

4.3

Implementing countries should consider whether there are any agreements, or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions, or physical delivery of such commodities. Where NSC concludes that these agreements are material, the country must disclose data on transactions conducted within the framework of such agreements.

4.4

Where revenues from the transportation of oil, gas and minerals are material, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received, according to this requirement. Implementing countries could disclose information about total volumes of transported natural resources and their value, transportation routes, etc.

4.5

This requirement stipulates disclosure of information about extractive companies' payments to state-owned enterprises (SOE), and transfers between SOEs and other government agencies.

4.6

Implementing countries must establish whether direct payments, within the scope of the agreed benefit streams, from companies to subnational government entities are material. Where material, countries are required to ensure that company payments to subnational government entities are disclosed.

4.7

Implementing countries are required to agree the level of disaggregation for the publication of data (e.g. by individual company, government entity and revenue stream).

4.8

This requirement stipulates timeliness of EITI reporting. It must be compiled and published annually. Implementing countries must disclose data no older than the second to last complete accounting period, e.g. an EITI Report published in calendar/financial year 2016 must be based on data no later than calendar/financial year 2014.

4.9

The EITI requires an assessment of whether the payments and revenues of extractive companies are subject to credible and independent audit according to international auditing standards. It is required that a credible and independent entity applying international auditing standards should reconcile payments and revenues, and that the administrator's opinion is published regarding that reconciliation, including discrepancies, should any be identified.

EITI Requirement 5. Revenue allocations (pp. 26-27, EITI Standard)

5.1

According to this requirement, implementing countries must disclose a description of the distribution of revenues from the extractive industries and their allocation among various levels of national and/or subnational budgets.

5.2

Where transfers between national and subnational government entities are related to revenues generated by the extractive industries and are mandated by a national constitution, statute or other revenue sharing mechanism, the country is required to ensure that material transfers are disclosed. NSC is encouraged to reconcile these transfers.

5.3

According to this Requirement, implementing countries are encouraged to disclose further information on revenue management and expenditures, including a description of any extractive revenues earmarked for specific programmes or geographic regions, a description of the country's budget and audit processes, assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector.

EITI Requirement 6. Social and economic spending (p. 28, EITI Standard)

6.1

According to this Requirement, where undertaking of social spending by extractive companies is required by the countries' legislations, implementing countries are encouraged to disclose and reconcile data on such social spending. Where such benefits are provided in kind, it is required that implementing countries disclose the nature and the deemed value of the in kind transaction.

6.2

According to this Requirement, where state participation in the extractive industries gives rise to material revenue payments, implementing countries must include disclosures from SOE(s) on their quasi-fiscal expenditures (QFEs). QFEs include arrangements whereby SOE(s) undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process.

6.3

Implementing countries must disclose, when available, information about the contribution of the extractive industries to the economy for the fiscal year covered by the EITI Report, including the size of the extractive industries as well as an estimate of informal sector activity (including but not necessarily limited to artisanal and small scale mining), total government revenues generated by the extractive industries, exports from the extractive industries, employment in the extractive industries and key regions/areas where production is concentrated (disaggregated by types of natural resources).

5. CURRENT SITUATION PERTAINING TO EITI DATA DISCLOSURE IN KAZAKHSTAN

Since 2005, Kazakhstan has produced and published 11 National EITI Reports¹¹ containing information about the country's extractive industries as required by the EITI Standard. According to the law on public procurements, an independent audit company is hired by means of competitive bidding to produce and publish EITI national reports.

In 2014, the country has introduced an online EGSU system. Supervised by RK ME, the online system is currently used by subsoil users to submit their EITI reporting. For more detailed information about reporting through EGSU, please consult Section 5.1.1.

However, there are other mechanisms used in Kazakhstan to ensure disclosure of EITI data. They include the following:

- ▶ websites of government agencies,
- ▶ websites, annual and financial reports of subsoil user companies, including websites of state-owned extractive companies,
- ▶ statistical bulletins of government agencies,
- ▶ LIS 'Adilet' data base,
- ▶ government registries,
- ▶ geological fund,
- ▶ reports on budget execution and activity of government agencies,
- ▶ other sources.

It is important to note that, currently, the government implements (through 'KazGeoinform' JSC) a project aimed at establishment of the Mineral Resources Data Bank (MRDB) which is going to be a single information system to store and provide access to subsoil information.

Other information systems such as EGSU, Interactive Map for Geology and Subsoil Use, Electronic Database of Geological Reports, etc. will be integrated with the single MRDB system through appropriate links.

The automated MRDB system is also expected to allow for online acquisition of subsoil use rights, conclusion of contracts and license allocations.

5.1 Description of EITI data reporting by subsoil users

5.1.1 Brief overview of EGSU

The online EGSU portal represents an online information system capable of accumulating EITI reports as well as general reporting on implementation of LCC by subsoil users. Also, the system is used to leverage extractive industries' efficiency by ensuring that extractive companies carry out their operations in a manner transparent both for Kazakhstan' general public, potential investors and other stakeholders.





¹¹ EITI national reports available on EITI Kazakhstan website: <http://eiti.geology.gov.kz/ru/national-reports>

Although a part of EGSU data is publicly available, the other part is subject to limited access. This study included an analysis on the types of information contained in EGSU, consideration of chances of disclosing information subject to limited access and consultations with EITI stakeholders pertaining to these issues.

EGSU contains the following types of publicly available information:

- ▶ 2012 to 2016 reports on tax and non-tax payments/revenues from RK oil, gas and mining sector companies,
- ▶ 2016 reports on payments/revenues streaming from state's share of production,
- ▶ 2012 to 2014 reports on expenditures for social development and local infrastructure (outdated template),
- ▶ 2015 to 2016 reports on expenditures for social development and local infrastructure, except for those recorded as LCC obligations (new template).

The following entities have an access to this data:





✓		Subsoil companies	user
✓		Government agencies	
✓		General public	
✓		Investors	

These types of information are available for regular and free review on EGSU website¹².

The following types of EGSU information are subject to limited access:

- ▶ text of subsoil use contracts,
- ▶ data on beneficiaries of subsoil users provided voluntarily according to the pilot format,
- ▶ reports on fulfilment of LCC obligations containing the following items:
 - data on exploration, production and export,
 - employment data,
 - data on revenues from sale of the state's share of production,
 - data on expenditures for training local content.

The following entities have an access to this data:

✓		Subsoil user companies	
✓		Government agencies	
✗		General public	
✗		Investors	

Disclosure of EGSU limited access data is of no *technical* difficulty. However, this would require appropriate legal decisions to be made and administrative measures taken by government agencies.

5.1.2 EGSU reporting process

¹² Found at: <http://egsu.energo.gov.kz/webapp/pages/home.jsf>

Regarding submission of the foregoing information through EGSU system, the process of reporting is as follows:

- ▶ All subsoil users take advantage of established templates to independently produce both EITI and LCC reporting.
- ▶ Reports are entered into online EGSU system.
- ▶ The text of signed subsoil use contracts is entered into EGSU.

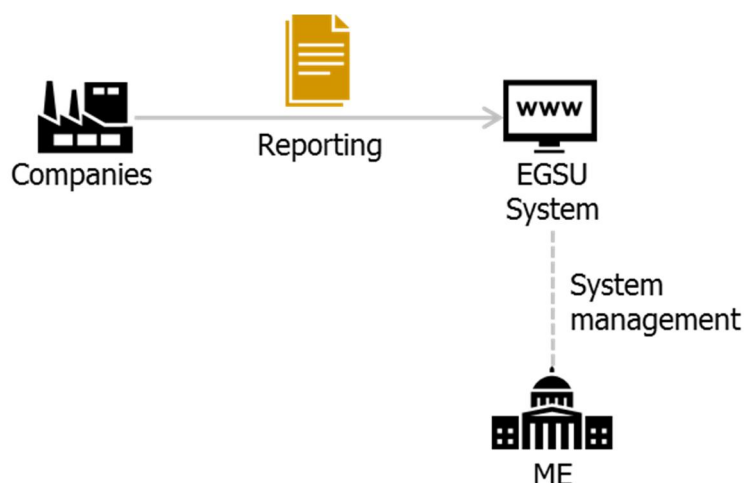


Figure 2. EGSU reporting process

5.1.3 Reporting through other information resources

Submission of data on tax and non-tax revenues to SRC

- ▶ All subsoil users independently fill out tax declarations in keeping with established format.
- ▶ Declarations can be submitted in one of the following ways:
 1. In person on paper,
 2. On paper by post,
 3. Or, by using online SRC system for processing tax reporting.

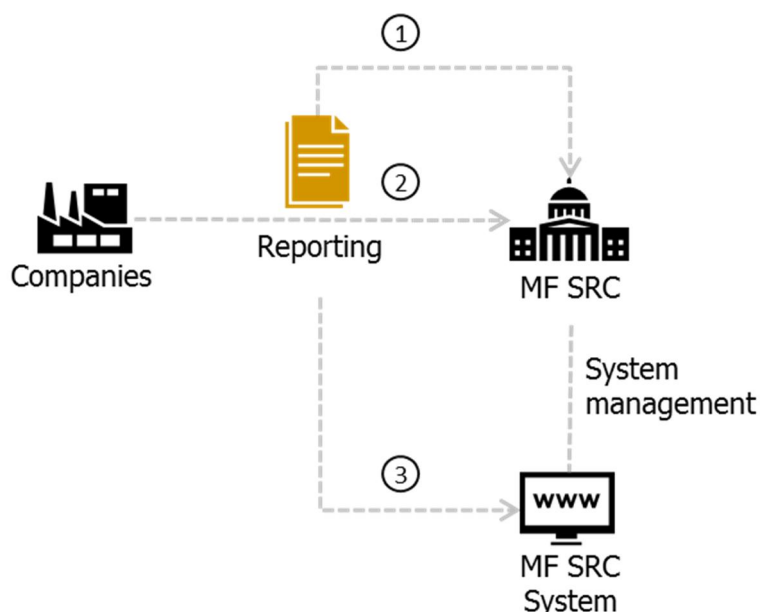


Figure 3. Reporting on tax and non-tax revenues

According to RK Tax Code¹³, declarations on tax and non-tax payments and revenues should be submitted to subnational tax entities functioning in the region where subsoil users conduct their operations.

¹³ Link to the Code: <http://adilet.zan.kz/rus/docs/K080000099>

Submission of data to MID Committee of Geology and Subsoil Use

In compliance with the Order No. 396¹⁴ of RK Minister of Investments and Development of 31 March 2015, subsoil users must present MID Committee of Geology and Subsoil Use with the following kinds of reports:

- ▶ information report on subsoil use operations for the past six months,
- ▶ information report on subsoil use operations for the past year,
- ▶ final report on exploration operations,
- ▶ quarterly reports on the activity conducted within the framework of the State Geological and Subsurface Survey.

Overall, the reporting process is as follows:

- ▶ All subsoil users independently produce geological reporting.
- ▶ Reports can be submitted in one of the following ways:
 1. On paper,
 2. In electronic format.



Figure 4. Reporting to MID Committee of Geology and Subsoil Use

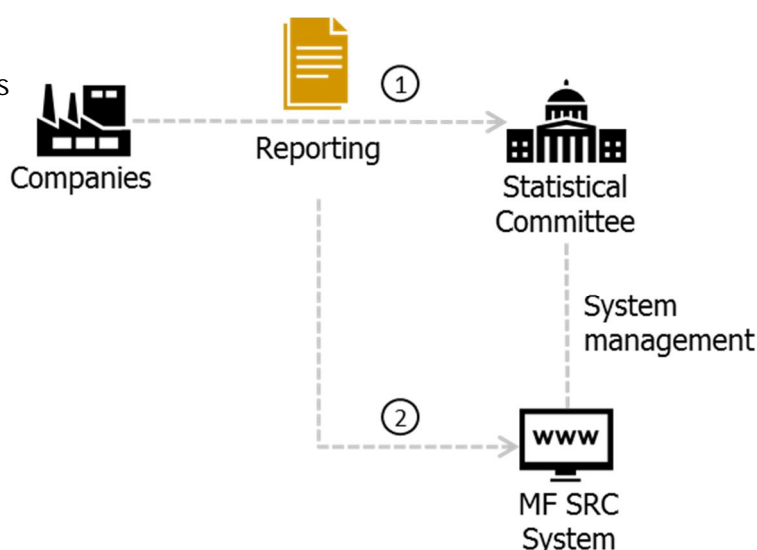
Submission of data to MNE Statistical Committee

Extractive companies of RK, including companies transporting natural resources within Kazakhstani territory, should present MNE Statistical Committee with the following information:

- ▶ data on production and export,
- ▶ data on transportation of natural resources throughout Kazakhstan,
- ▶ data on employment in extractive industries.

In overall, the reporting process is as follows:

- ▶ All subsoil users independently produce statistical reports in keeping with established format.
- ▶ Reports can be submitted in one of the following ways:
 1. on paper,
 2. or, by using the online system of Statistical Committee.



¹⁴ In keeping with the Order No. 396¹⁴ of RK Minister of Investments and Development of 31 March 2015: <http://adilet.zan.kz/rus/docs/V1500011028>

Figure 5. Reporting to MNE
Statistical Committee

Submission of data to NADLoC JSC (regarding SCR, except for uranium and coal) and IACOG JSC (regarding HC feedstock, including uranium and coal)

Subsoil users must provide NADLoC JSC (regarding Solid Commercial Minerals, except for uranium and coal) and IACOG JSC (regarding HC feedstock, including uranium and coal) with data on the following:

- ▶ number of personnel and local content employed by extractive companies,
- ▶ expenditures for training local specialists,
- ▶ share of local content in procured GWS, including GWS spending in the area of education.

In overall, the process of reporting this data is as follows:

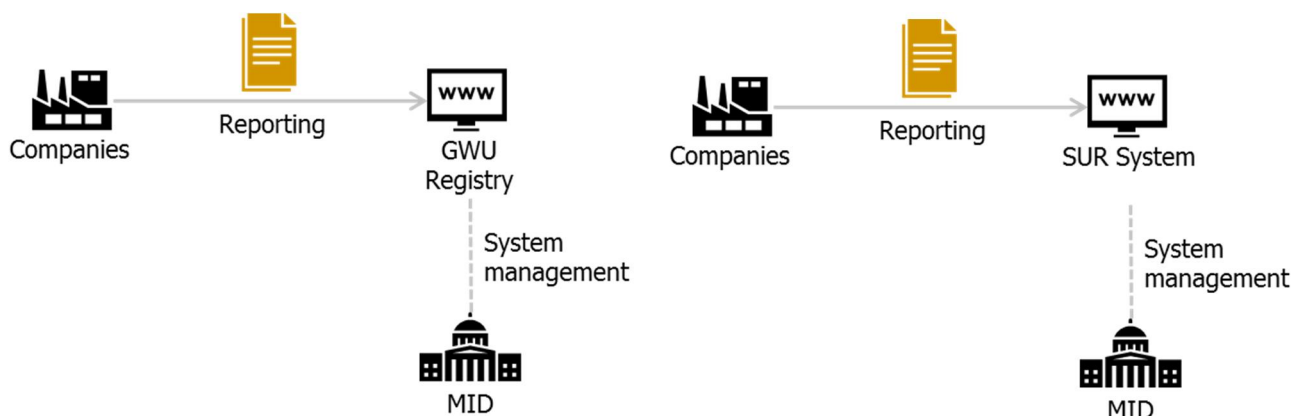


Figure 6. Process of reporting through GWS
Registry

Figure 7. Process of reporting through SUR
system

Moreover, subsoil users producing HC feedstock provide IACOG JSC with additional data on production.

It should be noted that, according to the Order of RK Minister of Energy of 27 January 2015 No. 40¹⁵ "On the Rules of maintaining the single database on production and turnover of oil products," subsoil users producing HC feedstock can disclose their production data through EGSU.

¹⁵ Link to Rules: <http://adilet.zan.kz/rus/docs/V1500010456>

Submission of data to NWF 'Samruk-Kazyna' JSC by its subsidiaries

Extractive companies subordinate to NWF 'Samruk-Kazyna' JSC provide it with additional reporting on the following:

- ▶ number of personnel and local content employed by extractive companies,
 - ▶ expenditures for training local specialists,
 - ▶ share of local content in procured GWS, including GWS spending in the area of education.
-
- ▶ Extractive companies subordinate to NWF 'Samruk-Kazyna' JSC produce their reports independently.
 - ▶ Electronic reports are then presented to NWF 'Samruk-Kazyna' JSC.

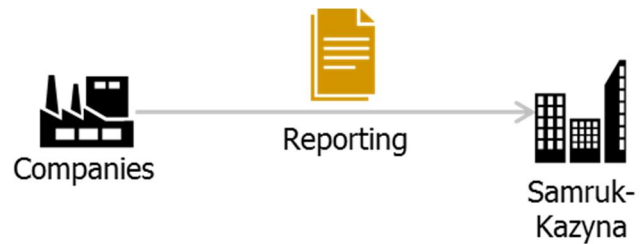


Figure 8 Reporting to NWF 'Samruk-Kazyna' JSC

It should be noted that the scope of this study included a scrutiny of subsoil user reporting that primarily concentrated on data which, according to the EITI Standard Requirements, should enjoy free access as a result of envisaged EITI mainstreaming in the country. Hence, the foregoing information may represent an incomplete list of subsoil user reports submitted to various structures to provide data not relating to EITI implementation process.

5.2 Gaps in EITI data disclosure

One of the key objectives of this study had to do with *identifying gaps in data disclosed* by extractive industries in the context of mainstreaming EITI in Kazakhstan.

To identify these gaps, we used a Matrix (see Annex 2) to consider each data unit against every requirement of the EITI Standard.

Thus, recognition of disclosure gaps is at least contingent on one of the following factors:

1. Information is collected and stored but it is not publicly available.
2. Information is neither collected, nor stored.
3. Information is partially available (it might be publicly available on a paid basis and/or on request or publicly inaccessible).
4. During the study period, there have been cases of irrelevant information.
5. Some terms have been incorrectly defined, thus inhibiting appropriate understanding of the required amount of EITI data.
6. The format or structure of disclosed information is inconvenient for users.
7. Insufficient disaggregation of disclosed EITI data (e.g. insufficient breakdown).
8. There are other recommendations with regards to ensuring genuineness, timeliness and completeness of information.

Set out in the table below are identified gaps in information disclosed by extractive industries:

Table 1. Gaps in information disclosed by extractive industries

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
1	Text of applicable laws and regulations (Requirement 2.1)	Yes	<p>▶ Openly published on EGSU website,¹⁶ the list of applicable laws and regulations on subsoil use included old documents. The following text file documents can be downloaded from the website:</p> <ul style="list-style-type: none"> ○ Law on Subsoil and Subsoil Use of 27 January 1996 No. 2828 (repealed by RK Law of June 24, 2010 No. 291-IV), ○ Law on Environmental Protection of 15 July 1997 No. 160 (repealed by RK Code of 9 January 2007 No. 212), ○ Law on Ecological Expertise of 18 March 1997 No. 85 (repealed by RK Code of 9 January 2007 No. 212). <p>▶ Some documents from the list published on EGSU website lacked information about their number and/or date. To confirm their relevance, it was necessary to conduct additional search for these documents in the single LIS database 'Adilet'. However, the search for each of these laws in LIS 'Adilet' produced results which consisted of 4 documents containing identical name with different numbers and dates. This made the search even more difficult.</p> <p>The Consultant had discussed the issue of outdated laws and LAs found on EGSU website with representatives of MID Committee of Geology and Subsoil Use. Having expressed concern over this issue, the Consultant explained that</p>	HCMs and HC feedstock	2.1.2

¹⁶ Link to EGSU website: <http://egsu.energo.gov.kz/webapp/pages/home.jsf>

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
			EGSU content of laws and LAs was updated during the period of this study. It should be noted that the single LIS database 'Adilet' permanently contains freely accessible and relevant versions of all such documents with information about their changes.		
2	Complete list of license (subsoil use right) allocations and transfers covering reporting period with indication of relevant data (see Supplementary Data Matrix) (Requirement 2.2)	Yes	<ul style="list-style-type: none"> Freely accessible data does not include special reporting on/complete list of all subsoil use rights' <i>transfers</i> between legal entities during reporting period. There is only a list of all <i>allocations</i> (i.e. new subsoil use right awards based on competitive bidding) which is publicly available on the website of MID Subsoil Use Department. Thus, to establish a transfer of rights from company A to company B, the registry of current year must be checked against that of the previous year making it possible to compare all companies at once, or one by one. <p>As a matter of fact, the authorized entities such as MID and ME possess entire data on all transfers of rights. However, this data must be disclosed to ensure EITI requirements are completely met.</p> <ul style="list-style-type: none"> The results of competitive bidding frequently omit information about applied bidding criteria which, normally, would be defined in an invitation to tender issued by MID. <p>Also, the results of competitive bidding sometimes do not contain information about which entities participated in the competition, other than the winner.</p> <p>Although authorized entities possess the foregoing information, this data must be disclosed to ensure EITI requirements are completely met.</p>	HCMs and HC feedstock	2.2.7
3	Data on geographic coordinates of the land plot according to the contract (Requirement 2.3)	Yes	MID Committee of Geology and Subsoil Use provides an opportunity to use the interactive map (published on the Committee website) to look through contractual areas earmarked for subsurface use in Kazakhstan. The interactive map permanently shows geographic coordinates of contractual areas earmarked	HCMs and HC feedstock	2.3.3

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
			<p>for subsoil users in Kazakhstan.</p> <p>At the time of the study, however, some important information still had to be recorded on the map, as MID Committee of Geology and Subsoil Use was in the process of uploading it with content.</p> <p>Thus, although the map already contains the necessary information, it must be uploaded with complete set of data to reflect full compliance with the EITI Standard.</p>		
4	Full text of any contract, concession, PSA or other agreement granted by, or entered into by, the government which provides the terms attached to the exploitation of oil, gas and mineral resources, including any alteration or amendment to these documents (Requirement 2.4)	Yes	<p>The <i>full text</i> of subsoil use contracts is not freely accessible. However, the ME online EGSU system contains scanned copies of the full text of contracts with recognizable characters. The system contains the full scope of contractual text relating to all subsoil users registered in RK.</p> <p>Thus, notwithstanding availability of necessary information, it should also be made publically accessible to reflect full compliance with the EITI Standard. Currently, the country is actively working to solve this issue, including in terms of ensuring legislative compliance. Thus, the RK draft Code on Subsoil¹⁷ has included provisions on ensuring contract disclosure. Also, the issue of contract disclosure is regularly discussed during NSC meetings (Minutes No.67 of 15.06.2017, p. 6)¹⁸.</p>	HCMs and HC feedstock	2.4.4
5	A publicly available registry of the	No	The data on beneficial owners of subsoil user entities does partially exist but it has not been publicly disclosed for lack of necessary legislative framework.	HCMs and HC	2.5.1

¹⁷ Link to webpage with draft Code on Subsoil and Subsoil Use: <http://dep-nedra.mid.gov.kz/ru/pages/kodeks-respubliki-kazahstan-o-nedrah-i-nedropolzovanii-0> (available version of draft Code may differ from the one used in the course of this study due to ongoing updating of the draft Code and webpage content; hence, the study was based on July 2017 version of the draft Code)

¹⁸ Link to webpage with Minutes: <http://eiti.geology.gov.kz/ru/the-national-council/minutes-of-meetings>

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
	beneficial owners of corporate entity(ies) that take part in competitions, use and/or invest in extractive assets (Requirement 2.5)		<p>Nevertheless, the following must be taken into account:</p> <ul style="list-style-type: none"> ▶ According to the Law of 18 November 2015 No.412-V¹⁹, the transition to universal declaration of incomes and expenses of physical persons in Kazakhstan has been planned to be implemented from 1 January 2020. This should provide a positive impact on disclosure of data on beneficial owners of subsoil user entities. ▶ MID and ME do possess data on beneficial owners of subsoil user entities, since they have to fulfil requirements of the Subsoil Law (Sub-item 3, Item 2, Article. 37; Sub-item 1, Item 1, Article 48). ▶ Currently, the EGSU system contains a pilot form/template for disclosure of data on beneficial owners (in compliance with the EITI Progress Report, p. 30²⁰). Subsoil user companies can voluntarily disclose data on their beneficial owners, according to the template. However, after the introduction of the new pilot template, some subsoil users still failed to disclose such data. According to the EITI Secretariat, only about 30% of EGSU users have filled out the reporting form for August 2017. This group of users mostly comprised companies, whose beneficial owners have already been disclosed by some other source. Only three subsoil users have completely disclosed their entire information. ▶ Currently, some sporadic data on beneficial owners of some companies can be acquired from the following sources: <ul style="list-style-type: none"> ○ company data of Kazakhstan Stock Exchange: www.kase.kz, providing it is a public entity ; 	feedstock	

¹⁹ Link to the Law "On the introduction of amendments and additions to certain legislative acts of the Republic of Kazakhstan (RK) covering issues of income and property declaration by natural persons": <http://adilet.zan.kz/rus/docs/Z1500000412>

²⁰ Link for download (Document: "Kazakhstan EITI 2016 Annual Progress Report"): <http://eiti.geology.gov.kz/ru/homepage/progress-reports-on-the-implementation-of-the-eiti>

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
			<ul style="list-style-type: none"> ○ RK Electronic Government website: http://egov.kz/cms/kk ○ companies' audit reports available at: https://dfo.kz <p>However, indicated sources fail to cover all extractive companies operating in Kazakhstan.</p>		
6	The definition of beneficial owner used in the country for the purpose of disclosing data on beneficial ownership (Requirement 2.5)	No	<p>RK laws and LAs lack a clearly established definition of beneficial owner for the purpose of disclosing EITI data on beneficial ownership.</p> <p>Meanwhile, currently under consideration, a draft Code on Subsoil and Subsoil Use could include a clear definition of beneficial ownership.</p> <p>For example, Article 47 of the Code²¹ stipulates supervision of subsoil users and exemplifies data to be disclosed to the government entity that vested a company/enterprise with the right of subsoil use. According to the Article in consideration, such information from legal entities does not include data on the natural person being the ultimate beneficiary of subsoil user company.</p> <p>Alternately, according to Article 90 of the Code (on applying for participation in the auction with the view of acquiring the right of subsoil use pertaining to HC feedstock) and Article 200 (on applying to acquire a SCM license), both the application for acquisition of subsoil use right relating to HC feedstock and the application to acquire a SCM license includes information about "...natural persons ... directly or indirectly controlling the Applicant."</p> <p>In light of the foregoing, it could be noted that current draft version of the Code allows for a dubious interpretation of the notion of beneficial owner.</p>	HCMs and HC feedstock	2.5.12
7	List of extractive sector enterprises that	Yes	All state-owned enterprises are officially listed in the "List of national managing	HCMs and HC	2.6.2

²¹ According to the draft Code on Subsoil and Subsoil Use available at the time of this study (July 2017)

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
	are wholly or majority government-owned (Requirement 2.6)		<p>holdings, national holdings and national companies" (approved by the RK GD dated 6 April 2011 No. 376 and available at online information database 'Adilet'²²).</p> <p>The foregoing list includes 44 SOEs with no particular indication of subsoil users.</p> <p>Regarding the structure of government participation in extractive sectors, the following should be noted:</p> <ul style="list-style-type: none"> ▶ website of NWF 'Samruk-Kazyna' JSC²³ mentions RK Government as its only shareholder. The enterprises of NWF 'Samruk-Kazyna' JSC represent the following sectors: oil, gas, transportation and logistics, chemical, nuclear, mining and metallurgic, energy, mechanical engineering and real estate. Hence, the NWF includes both extractive and non-extractive enterprises, ▶ website of 'KazMunaiGas' JSC²⁴ includes the following list of its shareholders: NWF 'Samruk-Kazyna' JSC (90%) and RK National Bank (10% + 1 share). 'KazMunaiGas' JSC is Kazakhstan's operator in the sectors of exploration, production, processing/refining and transportation of HC resources. It represents government interests in the oil and gas sectors of Kazakhstan and owns the country's HC feedstock assets, ▶ website of NAC 'KazAtomprom' JSC²⁵ points out to NWF 'Samruk-Kazyna' JSC as its only shareholder. NAC 'KazAtomprom' JSC is a Kazakh national operator pertaining to import and export of uranium, rare metals, nuclear fuel for nuclear power stations, owning the country's uranium producing 	feedstock	

²² Link to document: <http://adilet.zan.kz/rus/docs/P1100000376>

²³ Link to website: <https://www.sk.kz/about-fund/about-the-fund/>

²⁴ Link to website: http://www.kmg.kz/rus/kompaniya/obshaya_informaciya/

²⁵ Link to website: <http://www.kazatomprom.kz/ru/content/kompaniya/o-kompanii>

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
			<p>assets,</p> <ul style="list-style-type: none"> ▶ according to APR 2016 of 'Tau-Ten Samruk' JSC (p. 116), NWF 'Samruk-Kazyna' JSC is the company's only shareholder. APR 2016 (p. 10) explains that 'Tau-Ten Samruk' JSC was established in compliance with RK GD of 15 January 2009 No.10²⁶ with the view of ensuring effective subsoil user activity pertaining to exploration, development, production, refining/processing and delivery of solid commercial minerals (SCMs). Also, the company owns 29,8% share in the authorized capital of LLP 'Kaztsink' (according to the reference on p. 10), ▶ according to APR 2016 of 'KazGeology' JSC (p. 31), the company is 100% owned and operated by RK MID Committee of Geology and Subsoil Use. 'KazGeology' JSC was established in keeping with RK GD of 21 June 2011 N^o684 "On establishment of KazGeology."²⁷ It has been established to ensure optimum development of the Republic's territory, establish favorable living conditions for population as well as new mineral resource base for future generations, etc. <p>In light of the foregoing, stakeholders (investors, government entity representatives, concerned RK citizens) will need to find information about the activity of each of these companies (e.g. by searching their websites) to find out which enterprises operate as extractive companies.</p> <p>Thus, it could be stated that, although the required information is available, it is not user-friendly (search, characteristics of legal entities, relevant data, etc.).</p>		
8	Information about loans and loan guarantees the	No	According to the EITI Standard requirements, disclosure of this information is <i>expected</i> (i.e. it is not mandatory). Therefore, some remarks could be made	HCMs and HC	2.6.8

²⁶ Link to Decree: http://adilet.zan.kz/rus/docs/P090000010_

²⁷ Link to decree: <http://adilet.zan.kz/rus/docs/P1100000684>

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
	Government or SOEs provided to extractive companies (Requirement 2.6)		<p>pertaining to the completeness of disclosure on guarantees:</p> <ul style="list-style-type: none"> ▶ 2016 financial statement of NWF 'Samruk-Kazyna' JSC only provides the <i>overall</i> amount without <i>disaggregation by individual extractive companies</i>. ▶ 2016 financial statement of NAC 'KazAtomprom' only discloses the <i>overall</i> amount thereby emphasizing maximum risk relating to guarantees granted to some associated parties without proper <i>disaggregation</i> by these parties, i.e. without disaggregated amounts by individual extractive companies. <p>Thus, when looking for data on loans and/or guarantees provided to extractive companies by the Government or SOEs, the Consultant could not review entire scope of information <i>pertaining to all extractive companies</i>, as there were no other reliable sources of information apart from audited financial reports of corresponding national companies.</p> <p>It should also be noted that, according to RK GD of 20 July 2010 No. 739²⁸, MF is responsible to keep records of such State guarantees. The automated system for 'collection, processing and storage of information' ensures collection of data on State guarantees from companies.</p>	feedstock	
9	Revenues received from the sale of the state's share of production disaggregated by individual buying	Yes (providing such revenues are material)	<p>RK ensures collection of data on revenues received from the sale of government share of extracted natural resources.</p> <p>However, to ensure full compliance with corresponding EITI Standard requirement, this data must be <i>disaggregated</i> by purchasing companies.</p>	HCMs and HC feedstock	4.2.1

²⁸ Link to GD: <http://adilet.zan.kz/rus/docs/P100000739>

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
	companies (Requirement 4.2)				
10	Terms of agreements and/or contracts, including parties that have concluded these agreements on infrastructure and/or barter transactions (Requirement 4.3)	Yes (providing such agreements are material)	<p>Kazakhstan does not practice disclosure of contracts (and/or agreements) on infrastructure and barter transactions. The NSC meeting (Minutes No.67 of 15 June 2017, p. 7)²⁹ associated this issue was contract disclosure. As of August 2017, different measures are taken to solve this issue, in particular, including the following:</p> <ul style="list-style-type: none"> ▶ presenting stakeholders with draft Code of Subsoil and Subsoil Use that envisages contract disclosure, ▶ NSC examines which contract data can be disclosed, i.e. providing it does not represent a trade secret. 	HCMs and HC feedstock	4.3.1
11	A description of any extractive revenues earmarked for specific programmes or geographic regions (Requirement 5.3)	No	<p>RK keeps statistical record of the way government revenues from all sectors are used and distributed (by budgets, programs and regions).</p> <p>However, based on this EITI requirement, <i>extractive sectors</i> are expected to ensure proper keeping and disclosure of this statistics.</p>	HCMs and HC feedstock	5.3.1
12	Disclosure of quasi-fiscal expenditures, including disaggregation by SOEs and types of expenditures (Requirement 6.2)	Yes (providing such revenues are material)	<p>Annual reports of SOEs frequently contain data on expenditures which can be partially or completely seen as quasi-fiscal. For example, 2015 annual report of NWF 'Samruk-Kazyna' JSC provides data on sponsor and charity support as well as state subsidies.</p> <p>In addition, these sources do not allow for disclosure of the "origin" of all amounts expended to conduct the above-said activities. For example, there was a question as to whether charity events of NWF 'Samruk-Kazyna' JSC were funded from company revenues (fiscal activities) or from the budget at the</p>	HCMs and HC feedstock	6.2.1.

²⁹ Link to website with Minutes: <http://eiti.geology.gov.kz/ru/the-national-council/minutes-of-meetings>

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
			government order (quasi-fiscal activities). Consequently, it could be concluded that SOEs do not always provide detailed breakdown of expenditure making clear distinction between their quasi-fiscal and fiscal commitments.		
13	An estimate of informal sector activity, including but not necessarily limited to artisanal and small scale mining (Requirement 6.3)	No If assessment implemented, data disclosure is necessary	RK has no practice of estimating informal activity in extractive industries, including artisanal and small scale mining. During this study, no sources of such data were discovered, neither had any stakeholders consulted made any mention of them.	HCMS	6.3.2
14	Employment in the extractive industries in absolute terms and as a percentage of the total employment (Requirement 6.3)	Yes	<ul style="list-style-type: none"> ▶ Users can access data on employment in the oil and gas sectors on MNE Statistical Committee website. On request, IACOG JSC can also provide such data for a fee. ▶ However, due to different calculation techniques used by these entities, employment figures from MNE Statistical Committee can differ from those provided by IACOG JSC. EY has encountered a similar situation when preparing the Review of Social Responsibility in the Oil and Gas Sector of the Republic of Kazakhstan in 2012–2013. The situation could possibly remain intact. However, we cannot arrive at unequivocal conclusion since current project has not envisaged acquisition of paid information. 	HC feedstock	6.3.5

5.3 Existing duplications/overlaps of disclosed data

Alongside identifying data gaps in information disclosed by extractive industries in the context of mainstreaming EITI in Kazakhstan, efforts were made to establish specific types of reported data that are subject to duplication/overlaps.

To ensure identification of these gaps, a Matrix (see Annex 2) was used to check each data unit against corresponding requirement of the EITI Standard.

The table below provides outcomes of analysis and revealed cases of duplication (including partial ones) of information pertaining to the activity of extractive sectors.

Table 2. Existing duplication of reported data pertaining to extractive activities

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
1	A description of the legal framework and fiscal regime governing the extractive industries (Requirement 2.1)	Yes	<p>Discovered cases of duplication/overlaps included the following publicly available text of laws and LAs regulating extractive sectors of Kazakhstan:</p> <ul style="list-style-type: none"> ▶ website of Committee of Geology and online EGSU system, ▶ websites of the Ministry of Energy, ME Committee of Geology and online EGSU system. <p>Moreover, the text of all laws and LAs is publicly available through the single online LIS 'Adilet'³⁰. Alongside text of laws and LAs, it contains information about changes made to laws and legal acts and the date of their enactment.</p>	HCMs and HC feedstock	2.1.1
2	Total production	Yes	Subsoil users should submit production data to MNE Statistical Committee and	HCMs and	3.2.1

³⁰ Link to system homepage: <http://adilet.zan.kz/rus>

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
	volumes and the value of production by commodity (Requirement 3.2)		report the same data in the context of LCC implementation through online EGSU system.	HC feedstock	
3	Tax and non-tax revenues from subsoil users (Requirement 4.1)	Yes	<p>Duplication is found between reporting data companies submitted to SRC on tax and non-tax payments made to the budget of Kazakhstan and subsoil user reports uploaded to EGSU system. Duplication cases are as follows:</p> <ul style="list-style-type: none"> ▶ subsoil users independently upload information to EGSU system by using publicly accessible templates from EGSU website, ▶ subsoil users provide SRC with filled out tax declarations by using publicly accessible templates from SRC website, ▶ in essence, the data submitted to both EGSU and SRC is identical. Thus, there is a possibility of removing duplication/overlaps. 	HCMs and HC feedstock	4.1.3-11

Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
4	Material social expenditures by companies, in disaggregated form, that are mandated by law or contract with the government that governs the extractive investment, and data on employment in extractive sectors. (Requirement 6.1 and Requirement 6.3)	Yes	<p>The following data duplication/overlaps exists pertaining to subsoil user companies that are members of the NWF 'Samruk-Kazyna' group³¹:</p> <ul style="list-style-type: none"> ▶ data on the number of personnel and local content employed by extractive companies, ▶ data on the costs of training local employees, ▶ data on the share of local content in procured GWS, including the cost of training in the area of GWS. <p>Such duplication occurs among data sets provided to the following entities:</p> <ul style="list-style-type: none"> ▶ GWS Registry of NADLoC JSC (data on HCMs) or ME SURAC (data on HC feedstock), ▶ EGSU system, ▶ NWF 'Samruk-Kazyna' JSC. <p>NWF 'Samruk-Kazyna' JSC does not receive reports from subsoil user companies that are not its members. Otherwise, there is similar data duplication.</p>	HCMs and HC feedstock	6.1.1, 6.3.5
5	Total production volumes and the value of production by commodity (Requirement 3.2)	Yes	In compliance with the Rules for Maintenance of the Single Database of Petroleum Production and Turnover approved by RK ME Order of 27 January 2015 No.40 ³² , IACOG JSC was authorized for daily receipt of data on volumes of HC feedstock production from subsoil users in hard copy and electronic format. In case of discrepancies, the operator of IACOG JSC should ensure	HC feedstock	3.2.1

³¹ According to the Procurement Rules of 'Samruk-Kazyna' JSC (p. 8), a subsoil user company is deemed part of NWF 'Samruk-Kazyna' JSC, if the latter directly or indirectly owns 50+ percent of its shares. See the Rules here: <https://sk.kz/purchases/normativno-pravovye-akty/?temp=full&id=363&iblock=89>

³² Link to the Rules: <http://adilet.zan.kz/rus/docs/V1500010456>



Item No.	EITI Requirement	Mandatory requirement?	Description of gaps related to disclosure of information	Which sector?	Matrix item No.
			further clarification of subsoil user data by phone. However, it should be noted that, at present, subsoil user companies can directly submit their production data through EGSU system.		

6. RECOMMENDATIONS ON MAINSTREAMING EITI IN KAZAKHSTAN

Following the analysis of current situation in the area of collection, storage and disclosure of EITI information, the Consultant worked out recommendations on mainstreaming EITI in Kazakhstan. The recommendations envisage elimination of disclosed EITI data gaps (see Table 1) as well as duplication of reported EITI data (see Table 2).

Provided below, the recommendations (see Table 3) include a suggestion regarding possible responsible and otherwise engaged parties and a rough estimate of resources required to ensure implementation of every recommendation, and its possible duration. For reference, links were provided to corresponding items in the EITI data disclosure Matrix.

Table 3. Recommendations on elimination of disclosed EITI data gaps and duplication of reported EITI data

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
1	<p>Eliminate duplication/overlaps in the publicly available list and text of laws and legal acts (LAs) regulating the activity of extractive industries. <i>(Requirement 2.1)</i></p> <p>To achieve this, it was recommended that the list and text of laws and LAs should be removed from online EGSU portal. This should be done for the following reasons:</p> <ul style="list-style-type: none"> ▶ the list and text of applicable laws and LAs were made publicly 	<p><i>NSC</i> to approve tasks of the Work plan.</p> <p><i>EGSU administrators</i> to change content of EGSU website</p> <p><i>NDB administrators</i> to create</p>	Within one month	<p><i>Non-material</i></p> <p>-change of EGSU content by system administrators</p> <p>- creation and/or</p>	2.1.1 и 2.1.2

³³ Commensurate to item numbers relating to gaps and/or duplication issues

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<p>available on websites of MID Committee of Geology and Subsoil Use and ME,</p> <p>► EGSU online portal contained outdated text of laws and LAs.</p> <p>The desire to publish the list of applicable laws and LAs through specialized sources (website of EGSU, Geology Committee, etc.) is understandable. This objective could be reached so as to also eliminate data duplication. Thus, publication of applicable laws and LAs on EGSU portal and websites of ministries and Geology Committee could include links to corresponding documents stored in the single 'Adilet' database. Thus, users will be able to reference regularly updated laws and LAs without having to manually trace their relevant changes and/or amendments.</p> <p>In addition, it is important to take into account current establishment of NDB which envisages encompassing of all existing subsoil use data systems (EGSU, Interactive map for Geology and Subsoil Use, etc.), thus becoming the primary online portal pertaining to subsoil use activities. Consequently, NDB, too, can be provided with links to laws and LAs regarding subsoil use practice.</p>	and/or change online NDB system content (as system evolves)		change of online NDB system content (as system evolves)	
2	<p>Eliminate disclosed data gaps on transfer of subsoil use rights and competitions. <i>(Requirement 2.2)</i></p> <p>Recommendations are as follows:</p>	<i>NSC</i> to approve tasks of the Work plan,	Within the span of one quarter	<p><i>material:</i></p> <p>- collection of data on all transfers of subsoil use rights</p>	2.2.7

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<ul style="list-style-type: none"> ▶ ensure information disclosure pertaining to all license <i>transfers</i> taking place during the accounting year similarly to the existing practice of disclosing data on all license <i>awards</i> through the following websites: <ul style="list-style-type: none"> ○ MID DSU data on HCMs, except for uranium and coal production sectors, ○ ME DSU data on HC feedstock, including uranium and coal production sectors. ▶ ensure disclosure of information on applicable bidding criteria and publication of competition results (on websites of MID and ME), ▶ ensure disclosure of information about organizations – not only the winner – participating in the competition in the current publication of bidding results (on websites of MID and ME), ▶ if the new Code on Subsoil and Subsoil Use will envisage awarding subsoil use rights through direct negotiations, then – according to requirement 2.2.a.i of the EITI Standard³⁴ (p. 17) – care must be taken to ensure proper description of license allocations and rights awarding procedure and conclusion of contracts (disclosed information is expected to contain technical and financial criteria, list of participants, if available, and information about the subsoil user company that is awarded the subsoil use right). <p>In addition, these recommendations will only be implemented after the government carries out the project aimed at establishment of the NDB</p>	<p><i>DSU MID administrators</i> to change content of EGSU website,</p> <p><i>ME DSU website administrators</i> to change content of the ministry website.</p> <p><i>NDB administrators</i> to create and/or change content of NDB online system (as system evolves)</p>		<ul style="list-style-type: none"> - change of DSU ME website content - creation and/or change of NDB content (as system evolves) 	

³⁴ Link to website with the EITI Standard: <https://eiti.org/document/standard>

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	system (see Section 5) which will use automated online procedures to ensure allocation of subsoil use rights, conclusion of contracts and awarding licenses.				
3	Accelerate the work of recording contractual areas on the interactive map of MID Committee of Geology and Subsoil Use in order to ensure full compliance with EITI Requirement on disclosure of information pertaining to geographic coordinates. The Consultant took account of the fact that, during the study, the data on contractual areas were actually available, and MNE Committee of Geology and Subsoil Use was in the process of recording it on the interactive map. (<i>Requirement 2.3</i>)	<i>NSC</i> to embed tasks in the Work Plan, <i>Interactive map administrators</i> to update the interactive map content	6-9 months	<i>Non-material</i> Updating interactive map content	2.3.3
4	Continue active work to ensure disclosure of the text of subsoil use contracts, in keeping with decisions made at NSC meetings. For example, the last meeting (Minutes No.67 of 15 June 2017, p. 6 ³⁵) focused in on compiling a list of data which could be disclosed, i.e. they are not a trade secret. They could include the following: <ul style="list-style-type: none"> ▶ fiscal obligations (including taxes and royalty), ▶ social obligations, 	<i>NSC</i> to submit proposed recommendations to be considered at NSC meetings. <i>The EITI Secretariat and competent government entities</i> to work out legislative amendments	In keeping with decisions made at NSC meetings (supposedly about two years)	<i>material</i> providing access to text of contracts through EGSU working out and adopting legislative changes to ensure	2.4.4

³⁵ Link to webpage with Minutes of NSC meetings: <http://eiti.geology.gov.kz/ru/the-national-council/minutes-of-meetings>

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<p>▶ local content, etc.</p> <p>In addition, according to Item 2, Article 61, of the Law on Subsoil and Subsoil Use³⁶, subsoil use contracts – except for State Geological and Subsurface Survey and model exploration contracts – must reflect the format and content of model contracts covering different categories of subsoil use (the content of model contracts was approved by the Order of RK Minister of Investments and Development of 31 March 2015 No.412³⁷). The foregoing content of model contracts on various categories of subsoil use – i.e. exploration, combined exploration and production, building and/or operation of subsoil structures not relating to exploration or production – can serve as a basis for compilation of data that can be disclosed in Kazakhstan.</p> <p>The following recommendations could be additionally made to ensure gradual disclosure of contract contents:</p> <p>▶ based on the list of data that can be disclosed (i.e. they do not constitute a trade secret), an appropriate template must be developed (along with methodological guidelines on its filling) and introduced into EGSU for voluntary filling by subsoil user companies in keeping with existing EITI reporting practice (i.e. similarly to the</p>	<p><i>EGSU administrators</i> to change content of EGSU portal</p>		contract disclosure	

³⁶ Link to the Law on Subsoil and Subsoil Use: <http://adilet.zan.kz/rus/docs/Z100000291>

³⁷ Link to Order of RK Minister of Investments and Development of 31 March 2015 No.412: <http://adilet.zan.kz/rus/docs/V1500011167>

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<p>implementation of pilot reporting on disclosure of beneficial owners of subsoil user companies, see Item 5 of this Table);</p> <ul style="list-style-type: none"> ▶ as an alternative to paragraph above, subsoil user companies should be granted an opportunity to upload EGSU with separate sections (chapters, clauses, pages, applications, etc.) of contracts that could be disclosed (i.e. they do not constitute trade secret). This alternative could be embedded in methodological guidelines on filling out the pilot template on contract disclosure; ▶ in case if provisions of currently elaborated draft Code on Subsoil and Subsoil Use³⁸ on contract disclosure are not enacted, subsoil user companies could “as a minimum” be reasonably obliged to disclose data that do not constitute a trade secret. <p>It should be noted that the text of contracts is actually available in online EGSU system, and can be disclosed without any technical difficulties, subject to the adoption of appropriate legislative framework.</p> <p><i>(Requirement 2.4)</i></p>				

³⁸ Link to webpage with the draft Code on Subsoil and Subsoil Use: <http://dep-nedra.mid.gov.kz/ru/pages/kodeks-respubliki-kazahstan-o-nedrah-i-nedropolzovanii-0> (since the draft Code and webpage are permanently updated, available version of the draft Code may differ from the one used in the course of this study. For this reason, the study was based on July 2017 version of the draft Code)

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
5	<p>Continue active work to ensure disclosure of information on beneficial ownership of extractive companies, according to the effective Beneficial Ownership Road Map 2017-2019 of Kazakhstan³⁹.</p> <p>Also, the Road Map envisages elimination of the gap (see Item No.6 in Table 1) related to a lack of established definition of a beneficial owner in Kazakhstan which could be used for the purpose of disclosing EITI data on beneficial ownership. There is an understanding that proposed additions to draft RK Code on Subsoil and Subsoil Use relating to definitions of beneficial ownership can be presented in the process of the Road Map implementation by the EITI International Secretariat. To clarify the notion of beneficial ownership used in the draft Code (see Item No.6 in Table 1), it seems reasonable to consider the possibility of accepting appropriate proposals from the EITI International Secretariat, as they have a considerable experience in implementing the concept of data disclosure relating to beneficial ownership in various countries of the world.</p> <p>Data on beneficial ownership voluntarily provided by subsoil user companies based on EGSU pilot template could be published without any technical difficulties, subject to the adoption of appropriate legislative framework.</p> <p>In addition, there is also a recommendation to consider the possibility of</p>	<p><i>NSC</i> to submit proposed recommendations to be considered at NSC meetings.</p> <p><i>EGSU administrators</i> to assist in integration with SRC system.</p> <p><i>SRC system administrators</i> to assist in integration with EGSU system.</p> <p><i>Department of Subsoil Use</i> to consider International Secretariat's proposals on draft Subsoil Code</p>	within 2 years	<p><i>Possibly material</i></p> <p>depending on decision regarding whether EGSU and SRC should be integrated, and depending on consideration of International Secretariat's proposals on draft Subsoil Code.</p>	2.5.1

³⁹ Link to webpages with the Road Map: <http://eiti.geology.gov.kz/ru/homepage/bo-roadmap>

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<p>disclosing information about beneficial owners of subsoil user companies after the enactment of universal declaration of natural persons' incomes and property in Kazakhstan on 1 January 2020.</p> <p>The following proposals were made with the view of implementing this recommendation:</p> <ul style="list-style-type: none"> ▶ ensure regular consideration of this issue at NSC meetings prior to the enactment of universal declaration in 2020, ▶ subject to the enactment of universal declaration in Kazakhstan, consideration should be given to possible integration of SRC system, responsible for collection and storage of declarations from natural persons, with online EGSU system. One possible outcome of such integration is that SRC will automatically create files that would either be manually uploaded to EGSU by administrators or exported to EGSU automatically. This will rule out the need to work out additional reporting templates. <p><i>(Requirement 2.5)</i></p>				
6	Ensure disclosure of comprehensive list of subsoil user entities with controlling interest on EGSU website, including a link to a valid comprehensive list of national managing holdings, national holdings and	NSC to approve tasks of the Work plan.	within one month	non-material change of EGSU	2.6.2

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	national companies (approved by RK GD of 6 April 2011 No. 376) which is publicly accessible through the online 'Adilet' LIS. ⁴⁰ (Requirement 2.6)	EGSU administrators to change the content of EGSU website		website content	
7	<p>Independent audit of data contained in subsoil user companies' annual reports (<i>according to Requirements 2.6 and 4.4, company annual reports are used as sources of information</i>)</p> <p>It would be expedient for subsoil user companies to start applying international standards and guidelines (e.g. IPIECA "Oil and gas industry guidance on voluntary sustainability reporting," 10 Principles of ICMM, Guidelines of GRI) with the view of working out and publishing their annual reports, and ensuring independent auditing of reported information whose disclosure is required by EITI.</p> <p>Given the purpose of EITI is to achieve transparency in extractive industries, annual reports could become a key instrument of reporting to stakeholders – in particular, this reporting could contain information which is not reflected by financial statements, i.e. production data, social projects, local content – in the context of mainstreaming EITI in the country. Application of internationally recognized standards and guidelines in compiling annual</p>	<p>NSC to consider proposed recommendations at its meetings.</p> <p>NWF 'Samruk-Kazyna' JSC to work out internal documentation necessary for production of annual reports by its subsidiaries.</p> <p>ME to work out regulations covering production of annual reports by companies producing HC feedstock.</p>	within two years	<p>material:</p> <ul style="list-style-type: none"> preparation of internal documentation by NWF 'Samruk-Kazyna' JSC, ME and MID independent auditor service fee 	2.6.6 and 4.4.4

⁴⁰ Link to document: <http://adilet.zan.kz/rus/docs/P1100000376>

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<p>reports and independent validation will make stakeholders (potential investors, general public, etc.) aware of the fact that such reporting contains appropriate and genuine information.</p> <p>The following proposals were made with the view of implementing this recommendation:</p> <ul style="list-style-type: none"> ▶ ensure regular consideration of this issue at NSC meetings, ▶ make suggestions on implementation of measures targeting application of the foregoing international standards and guidelines in the process of working out annual reports, and independent validation. This could be achieved through adoption of proper provisions and/or guidelines by authorized agencies (e.g. ME, MID) and/or NWF 'Samruk-Kazyna' JSC in order to ensure these standards' application by extractive companies. For example, according to the Corporate Governance Code of NWF 'Samruk-Kazyna' JSC, its subsidiaries must produce annual non-financial reports, ▶ decide on establishment of institutional framework (e.g. by ME, MID, NWF 'Samruk-Kazyna' JSC) to ensure monitoring of implementation of these measures. 	<i>MID</i> to elaborate regulations covering production of annual reports by companies producing HCMs.			
8	Ensure disclosure of data on loans and/or loan guarantees provided by the government and SOEs for extractive companies in terms of individual transactions and disaggregated by specific companies that receive such loans and/or loan guarantees.	<p><i>NSC</i> to embed the task in the Work plan.</p> <p><i>EITI Secretariat</i> to submit proposals on adoption of</p>	one year	<p><i>material</i></p> <ul style="list-style-type: none"> • elaboration of proposals on 	2.6.8

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<p><i>(Requirement 2.6)</i></p> <p>To do this, implementation of the following measures was recommended:</p> <ul style="list-style-type: none"> ensure elaboration of publicly accessible reporting template for online EGSU portal. This template must cover loans and/or loan guarantees provided by the government and SOEs for extractive companies. <p>In addition, consider possible integration of MF data collection system for government guarantees (MF DCSGG) with EGSU. One possible outcome of such integration is that DCSGG will automatically create files that would either be manually uploaded to EGSU by administrators or exported to EGSU automatically. This will rule out the need to work out additional reporting templates.</p> <p>Integration will ensure the use of a single platform to check out such amounts from individual extracting companies.</p> <ul style="list-style-type: none"> submit proposals on adoption of legislative acts to enforce the foregoing information disclosure procedure, and decide on institutional framework to monitor and control the implementation. 	<p>legislative acts</p> <p><i>EGSU administrators</i> to change content of EGSU web system and assist in integration with MF system.</p> <p><i>MF system administrators</i> to assist in integration with EGSU system.</p>		<p>legislative change</p> <ul style="list-style-type: none"> change of EGSU system content integration of EGSU system with that of MF 	
9	<p>Eliminate duplication of reporting data on production currently provided to MNE Statistical Committee and EGSU system.</p> <p><i>(Requirement 3.2)</i></p> <p>To do this, a recommendation was put forth to consider the possibility of importing templates filled out by subsoil user to EGSU system. The reporting template (with production data) must be submitted to MNE Statistical</p>	<p><i>NSC</i> to embed the task in the Work plan</p> <p><i>Experts on forums and MNE Statistical Committee administrators</i> to assist in</p>	within one year	<p><i>possibly material</i></p> <p>depending on the choice of the mode of integration between MNE Statistical Committee systems</p>	3.2.1

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<p>Committee. Subsoil users could simultaneously submit the same report to both agencies.</p> <p>A more advanced option would imply an automated transfer of subsoil user production data from the Statistical Committee system (following its upload) to EGSU portal.</p> <p>In such case, subsoil users will not need to fill out the template both for the Statistical Committee and EGSU system.</p>	<p>integration and/or mainstreaming import of reporting templates into EGSU system.</p> <p><i>EGSU administrators</i> to assist in integration with MNE Statistical Committee system and/or mainstreaming import of reporting templates into MNE Statistical Committee system.</p>		and EGSU	
10	<p>Ensure automation and simplification of the mechanism for collection of data on production volumes. (<i>Requirement 3.2</i>)</p> <p>Replace current mechanism for collection of data on production volumes (i.e. HC feedstock producer companies convey information to IACOG JSC operator on the phone) with an automated mode of data collection through EGSU.</p> <p>It was also recommended to raise awareness of subsoil user companies of the direct data submission to EGSU portal. To do this, consideration could be given to ensuring that IACOG JSC operator provides subsoil users with mandatory notification on existing alternative way of providing production data through EGSU.</p> <p>Following consultations with EGSU system administrators, we have</p>	<p><i>NSC</i> to embed the task in the Work plan,</p> <p><i>EGSU administrators</i> to change EGSU system content</p> <p><i>IACOG JSC Operator</i> to inform subsoil users about the possibility of direct reporting through EGSU portal</p>	within half a year	<i>non-material</i> change of EGSU content	3.2.1

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	concluded that the foregoing recommendation could be easily implemented given the EGSU system already practices collection of data on production volumes.				
11	<p>Disclosure of information regarding revenues accrued from the sale of the state's share of production disaggregated by individual buying companies. <i>(Requirement 4.2)</i></p> <p>For this purpose, it was recommended to consider the following:</p> <ul style="list-style-type: none"> ▶ ensure improvement of EGSU reporting template by introducing further disaggregation by individual buying companies (instead of only showing countries), ▶ ensure free access to this information through EGSU portal. 	<p><i>NSC</i> to embed the task in the Work plan.</p> <p><i>EGSU system administrators</i> to ensure change of EGSU system content.</p>	within 1 quarter	<i>non-material</i> change of EGSU system content	4.2.1
12	<p>Eliminate overlaps between subsoil users' reporting on tax and non-tax payments to SRC and online ESGU portal. <i>(Requirement 4.1)</i></p> <p>To ensure receipt of data on tax and non-tax payments from subsoil users, consideration should be given to possible integration of online ESGU system with online SRC Acceptance and Processing system of tax reporting.</p> <p>It is unlikely that such acquisition of highly confidential data can be completely automated as SRC systems must provide it with due levels of security. For this reason, semiautomatic integration could be a good option, for example:</p>	<p><i>NSC</i> to embed the task in the Work plan.</p> <p><i>SRC system administrators</i> to assist in integration with EGSU system.</p> <p><i>EGSU system administrators</i> to assist in integration with SRC.</p>	within one year	<i>material</i> ensuring integration between online EGSU and SRC systems	4.1.3-11

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<ul style="list-style-type: none"> ▶ at certain time, a previously configured data on payments can be automatically downloaded from SRC onto a certain location; ▶ then, the highest possible level of automation can be ensured in uploading this data to online EGSU system. This could be achieved both through ensuring import of previously downloaded files into EGSU system by EGSU administrator and by automatic importing of files into EGSU without administrator doing anything. <p>The stakeholders (representatives of SRC, ME Department of IT and Public Services, EITI Secretariat in Kazakhstan, subsoil user companies) consulted by EY during this pilot study expressed interest in implementation of suggested measures, and highlighted their potential positive effect.</p>				
13	<p>Continue to work on ensuring disclosure of information on the terms of agreements and/or contracts on infrastructural and barter transactions while further promoting the issue of contract disclosure (see Item 4 of this Table and recommendations).</p> <p><i>(Requirement 4.3)</i></p>	<p><i>NSC</i> to suggest consideration of proposed recommendations at NSC meetings.</p> <p><i>EGSU system administrators</i> to change online EGSU portal's content</p>	<p>in compliance with decisions made at NSC meetings (and supposedly within 2 years' period)</p>	<p><i>non-material</i></p> <p>providing free access to contracts contained in online EGSU portal</p>	4.3.1

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
14	<p>Work out a description of most frequently used railway routes for transportation of minerals in the country, and make it publicly accessible. <i>(Requirement 4.4)</i></p> <p>For this purpose, it was recommended to consider the following suggested initiatives:</p> <ul style="list-style-type: none"> ▶ ensure disclosure of this data in the annual reports of Kazakh JSC (similarly to disclosure of data on oil and gas transportation arrangements in the annual reports of KazTransOil JSC and KazTransGaz JSC), ▶ propose adoption of provisions (e.g. internal regulations by NWF 'Samruk-Kazyna' JSC or MID) which would require inclusion of this data in annual reports of Kazakh JSC, and establish institutional framework to monitor and supervise implementation of these measures. 	<p><i>NSC</i> to embed the task in the Work plan.</p> <p><i>NWF 'Samruk-Kazyna' JSC</i> to produce internal documents</p>	within 2 quarters	<p><i>non-material</i></p> <p>production of internal documents by NWF 'Samruk-Kazyna' JSC, elaboration of maps and ensuring their relevance</p>	4.4.2
15	<p>Introduce a mechanism allowing for comparison of subsoil user payments with revenues streamed from extractive industries for specific development programs or geographic regions. <i>(Requirement 5.3)</i></p> <p>One possible way of ensuring technical implementation of this recommendation is to introduce additional analytical function to trace tax and non-tax payments transferred by companies (including both subsoil users and others). This will allow for a clear identification of industries and</p>	<p><i>NSC</i> to embed the task in the Work plan.</p> <p><i>Competent bodies, primarily MF and SRC,</i> to develop and introduce necessary regulations</p> <p><i>Administrators of SRC and other MF budgeting and</i></p>	2-3 years	<p><i>material</i></p> <p>establishment of supplementary analytical service within SRC to trace tax and non-tax payment transfers by companies, and create budgeting and</p>	5.3.1

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<p>regions that make these payments. In future, every such payment should be “attended to” by this kind of analysis ensuring identification of payments in the context of inter-budgetary transfers and transactions.</p> <p>SRC systems could automatically ensure such analysis every time a tax or non-tax payment is transferred by a legal entity to a government agency and/or body.</p> <p>Technically, this measure can be easily implemented, as payer BIN codes clearly indicate their General Classifier of Economic Activity (GCEA) (thus allowing for separation of subsoil users from other companies), thus simplifying identification of the region of payment’s origin (or establishing a link between production region and payment location). A more difficult task is to trace sources of payment in the context of regional inter-budgetary transfers by ensuring further recording and transmission of such analytical data within the national budgetary information systems.</p> <p>In the future, when allocating budget funds for specific development programs and/or regions, this would allow for identification of specific source companies and regions that provided these funds (or their part) to the budget.</p>	<i>accounting systems</i> to assist in introduction of supplementary analytical function to trace transfer of payments.		accounting system within MF	
16	<p>Rule out duplication/overlaps in the following data from subsoil users:</p> <ul style="list-style-type: none"> ▶ on number of personnel and local content employed by 	<i>WSC</i> to embed the task in the Work plan.	within 18 months	<i>material</i> integration of GWS Registry with SURAC	6.1.1, 6.3.5

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<p>extractive companies,</p> <ul style="list-style-type: none"> ▶ on expenditures of extractive companies for training of local employees, ▶ on share of local content in procured GWS, including GWS expenditures in the area of training/education. <p>These are data provided/uploaded by extractive companies on:</p> <ul style="list-style-type: none"> ▶ SCMs sectors, except for uranium and coal production, and entered to NADLoC JSC GWS Registry and EGSU systems, ▶ HC feedstock as well as uranium and coal production sectors, and entered to SURAC (administered by ME) and EGSU. ▶ to NWF 'Samruk-Kazyna' JSC as well as SCMs and HC feedstock sectors being part of NWF 'Samruk-Kazyna' JSC, too. <p>For this purpose, it was recommended to consider the following:</p> <ul style="list-style-type: none"> ▶ possible integration of online EGSU system with that of NADLoC JSC GWS Registry (pertaining to SCMs, except for uranium and coal sectors) and SURAC system (pertaining to HC feedstock, including uranium and coal sectors) through introduction of interrelated reporting templates. <p>One possible outcome of such integration allows for an opportunity</p>	<p><i>GWS system administrators and ME SURAC system administrators</i> to assist in integration with online EGSU system.</p> <p><i>EGSU system administrators</i> to assist in integration of GWS Registry with SURAC system.</p> <p><i>NWF 'Samruk-Kazyna' JSC</i> to hold consultations on possible elimination of reporting data duplication/overlaps.</p>		and EGSU systems	

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
	<p>to create a separate file with relevant preconfigured EITI data from GWS and SURAC Registries. This file would then be imported into the online EGSU system. This could be done either by EGSU administrator (manually), or by ensuring its immediate importing into EGSU system (automatically).</p> <ul style="list-style-type: none"> ▶ consulting representatives of NWF 'Samruk-Kazyna' JSC regarding the possibility of reporting directly through the system of NADLoC JSC GWS Registry (pertaining to SCMs, except for uranium and coal sectors) and SURAC system (pertaining to HC feedstock, including uranium and coal sectors), thus eliminating one extra reporting channel with data duplication. To implement this, NWF 'Samruk-Kazyna' JSC will have to provide access to data contained in NADLoC JSC GWS Registry and SURAC system, thus sparing subsoil users the task of providing identical data to different institutions, ▶ continue publishing disclosed data through online EGSU system. <p>It should be highlighted that – during meetings and consultations held with representatives of NADLoC JSC, the EITI Secretariat in Kazakhstan and ME Department of IT and Public Services – subsoil user companies have expressed their readiness to support the initiative and understanding of its positive effect.</p> <p><i>(Requirements 6.1 and 6.3)</i></p>				

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
17	<p>Implementing countries must ensure inclusion of disclosures on SOE(s) quasi-fiscal expenditures in their reporting, and monitor reporting process. (<i>Requirement 6.2</i>)</p> <p>To achieve this, it was recommended to consider the possibility of using existing EITI templates (adding necessary fields, if applicable) to ensure collection of appropriate data by state-owned companies and its disclosure through online EGSU system. This will require adoption of the definition of “quasi-fiscal expenditures,” a sample list of possible expenditure items and methodology of their identification by state-owned extractive companies. This alternative could also be embedded in methodological guidelines on filling out EITI templates.</p>	<p><i>NSC</i> to embed the task in the Work plan.</p> <p><i>EGSU system administrators</i> to ensure online EGSU system content change.</p>	Within two months	<p><i>non-material</i></p> <p>change of EGSU system content</p>	6.2.1
18	<p>Ensure assessment of informal sector activity within RK extractive industries (including but not necessarily limited to artisanal and small scale mining). (<i>Requirement 6.3</i>)</p> <p>The country could achieve this by taking advantage of existing MNE Statistical Committee data pertaining to the size of extractive sector or by using statistical data on industrial production volumes.</p>	<p><i>NSC</i> to embed the task in the Work plan.</p> <p><i>Experts on statistical reporting templates and MNE Statistical Committee statistical reports collection system administrators</i> to amend statistical reporting templates and make changes to statistical reports collection</p>	six months to one year	<p><i>material</i></p> <ul style="list-style-type: none"> • amend statistical reporting templates and make changes to statistical reports collection system • assessment budget 	6.3.2

Item No.	Recommendation description	Possible responsible and otherwise engaged parties	Estimated duration of implementation	Estimated resources required for implementation	Matrix item No. ³³
		system.			
19	<p>Work out a uniform approach to assessing employment in the extractive industries in absolute terms and as a percentage of the total employment (<i>Requirement 6.3</i>)</p> <p>In terms of employment data, it seems expedient to work out a single approach to assessing employment in HC feedstock sector in absolute terms and as percentage of the total employment. To do this, a number of meetings will have to be held with representatives of MNE Statistical Committee and IACOG JSC pertaining to elaboration of an appropriate uniform methodology to assess employment.</p>	<p><i>NSC to embed the task in the Work plan.</i></p> <p><i>IACOG JSC to elaborate uniform methodological approach to employment assessment.</i></p> <p><i>MNE Statistical Committee to work out a single approach to assessing employment.</i></p>	2-3 quarters	<p><i>material</i></p> <ul style="list-style-type: none"> elaboration of uniform methodology to assess employment by IACOG JSC MNE Statistical Committee introduction of new methodological approach to assessing employment in the country 	6.3.5

In terms of consultant recommendations on ensuring comprehensive and genuine financial data on government revenues contained in Item 3 (subparagraph v) (see Section 3), the following must be emphasized:

with regards to subsoil user companies,

- ▶ according to Article 5 of the Law of 20 November 1998 No. 304 On Audit Activity,⁴¹ financial reporting by subsoil users is subject to mandatory auditing procedures. According to Article 4 of the same Law, the audit must be implemented in compliance with the International Auditing Standards,
- ▶ according to Clause 1 of the Resolution of the Board of RK National Bank of 31 August 2012 No. 282 "On ratification of the Rules for publishing financial statements by joint stock companies and financial organizations,"⁴² joint stock companies and financial organizations must publish approved consolidated annual financial statements compliant with international financial reporting standards in mass media by 31 August of the year subsequent to the reporting calendar year. In the absence of subsidiary company(ies)/entity(ies), JSC and financial organizations must provide non-consolidated financial reporting and an auditor's report,
- ▶ in compliance with EITI reporting procedure of EGSU system, subsoil users must provide an assurance statement on the audit performed,
- ▶ according to the Memorandum of Mutual Understanding on EITI implementation in Kazakhstan of 9 October 2013,⁴³ payments and revenues received by the government from extractive sector are subject to reconciliation to ensure their completeness and accuracy,
- ▶ payments and revenues received by the government from extractive sector are subject to public disclosure through EGSU system.

with regards to government entities,

- ▶ according to Articles 3 and 5 of RK Law "On State Audit and Financial Control"⁴⁴ of 12 November 2015 No.392-V, state audit and financial control conducted by agencies in the process of planning and execution of national budget is subject to state audit (according to Item 7 of Article 1, the phrase "agencies subject to state audit" implies state bodies, state institutions, quasi-state sector entities and recipients of public funds (hereinafter government entities),
- ▶ according to Item 1 of Article 10 of this Law, RK Accounts Committee (AC) shall be responsible to audit the activity of government entities,
- ▶ according to Article 8 of the Law, determination of the state audit and financial control requirements shall be based on standards of state audit and financial control which are developed on the basis of international standards,
- ▶ according to Article 44 of the Law, a report on execution of the republican budget for the reported financial year shall be submitted to RK Parliament for further discussion and approval no later than 15 May of the year following the reported year. Also, Article 45 envisages that AC shall, within two months, present the Government of the Republic of

⁴¹ Link to the Law: <http://adilet.zan.kz/rus/docs/Z980000304>

⁴² Link to the Order of NBK Board: <http://adilet.zan.kz/rus/docs/V1200008003>

⁴³ Link to website with MoU: <http://eiti.geology.gov.kz/ru/homepage/normative-base>

⁴⁴ Link to the Law: <http://adilet.zan.kz/rus/docs/Z1500000392>

Kazakhstan with a statement of opinion on the objectiveness of the information provided in the consolidated financial statements for the reported financial year. The statement of opinion shall include conclusions and recommendations regarding the entire consolidated report as well as individual administrators of budget programs,

- ▶ AC report on execution of the republican budget for the reported financial year is publicly available on the Committee website (i.e. several webpages)⁴⁵,
- ▶ it should also be noted that, for the purpose of ensuing reconciliation of all payments and revenues, the Independent Auditor (according to the EITI National Report 2015, p. 15) is annually invited to work out EITI national reports on the basis of consolidated reports on revenues received by all recipients (government entities) from every subsoil user and approved by AC following the results of its audit.

Thus, it could be noted that Kazakhstan already has what it takes to ensure implementation of the EITI Standard Requirement 4.9 (p. 25, EITI Standard⁴⁶) pertaining to quality and authenticity of data on payments and revenues streaming from extractive sectors to the government as well as subsoil use data from government entities. However, further progress is still possible.

Thus, independent auditor (annually invited to work out EITI national reports) conducts reconciliation on all payments and revenues made by all subsoil use companies against the amount of the above-mentioned materiality threshold (according to TRs for preparation of EITI national report⁴⁷).

This practice is used to ensure the genuineness of data on payments. When considering 5 previously produced EITI national reports⁴⁸ in terms of discrepancies, it became apparent that possible differences never exceeded 1% of the overall payments and revenues provided by subsoil users to the government (see Table 4).

Table 4. Variances in payments and revenues from extractive companies, according to EITI national reports 2011-2015.

	2011	2012	2013	2014	2015
Differences in the overall payments and revenues from extractive companies, %	1,0	0,04	0,022	0,53	0,84
Key payments and revenues in which discrepancies were identified	Customs dues, Special payments by subsoil users	Taxes, Customs fees	Taxes, Customs fees	Taxes, Customs fees	Taxes, Customs fees

⁴⁵ Link to webpages: (1) <http://esep.kz/rus/show1/article/257> (2) <http://esep.kz/rus/showin/article/2767> (3) <http://esep.kz/rus/show1/article/27>

⁴⁶ Link to website with the EITI Standard: <https://eiti.org/document/standard>

⁴⁷ Link to website with TR: <http://eiti.geology.gov.kz/ru/national-reports>

⁴⁸ Link to website with EITI national reports: <http://eiti.geology.gov.kz/ru/national-reports>

Variances pertaining to the foregoing 5 periods almost always related to Taxes and Customs dues. The evidence suggests that, perhaps, there will be no need to conduct reconciliation of all possible payments and revenues surpassing the materiality threshold.

As for the causes/reasons for emerging differences, it should be noted that, in some cases, one cause can produce discrepancies pertaining to several types of payments. For example, according to 2015 EITI National Report⁴⁹, all *discrepancies* relating to payments made by Offshore Oil Company 'KazMunayTeniz' JSC were caused by the following common reason: the company had used fiduciary management of a separate account for contract areas (for detailed information see EITI National Report from p. 78).

However, there can be scores of reasons for emerging discrepancies for each reporting period, and it seems impossible to exactly forecast different kinds of payments and/or subsoil user companies that will run into discrepancies.

In view of this, it has not been possible to determine whether this study should produce decisive recommendations regarding reconciliation of all payments and revenues exceeding materiality threshold. To optimize reconciliation costs, however, it was recommended to consider possible implementation of the following measures:

- ▶ analyze causes for discrepancies on payments and revenues that emerged at least in the previous five reporting periods, and attempt to determine the following:
 - frequently observed causes/reasons,
 - subsoil users that experience most frequent discrepancies,
 - possible causes of discrepancies on several types of payments and revenues,
 - technical errors with information and/or reporting systems,
- ▶ ensure measures targeting elimination of causes for emerging discrepancies, including due consideration of recommendations worked out by an Independent Auditor (preparing EITI National Reports) on elimination of causes for discrepancies and improvement of the quality of reports submitted by subsoil user companies,
- ▶ ensure monitoring of the scope of discrepancies and their causes,
- ▶ reduce:
 - number of reconciled payment types for which no discrepancies have occurred (e.g. over the past 3 or more years),
 - frequency of reconciliation intervals on those payments and/or companies for which no discrepancies have occurred (e.g. over the past 3 or more years). As a first step, annual reconciliations could be replaced with those conducted once in every two years (or more, to be decided by NSC),
- ▶ consequently, if new discrepancies emerge, the number of reconciled payment types and reconciliation frequency must be revised.

At least, this could facilitate curtailment of the cost of reconciliation on payments, and ensure multiplier effect and rolling approach: from reconciling all payments surpassing materiality threshold to less frequent reconciliations with lower coverage.

⁴⁹ Link to website with EITI National Reports: <http://eiti.geology.gov.kz/ru/national-reports>

7 ANNEXES

7.1 Annex 1. Research methodology

Within the framework of this study, EY worked out a Matrix (or Map) on data disclosed by extractive industries. This was based on the 2016 EITI Standard, in particular, on Section 3 Requirements for implementing countries.

In the process of preparing the Matrix, a list of requirements on disclosure of data by extractive sectors (Requirements 2.1 – 6.3) was compiled. This list of requirements with their description is contained in Annex 2 (tab “Descriptions from the EITI Standard”).

The Matrix provides a detailed definition for each EITI Requirement with a breakdown into information units. For example, Requirement 2.1 stipulates disclosure of legal framework and fiscal regime that manage the country’s extractive sector. Consequently, this comprises the following information units:

- ▶ List of laws and LAs that regulate the activity of extractive industries
- ▶ Text of applicable laws and LAs that regulate the activity of extractive industries.

For example, in case with Requirement 4.1 “Comprehensive disclosure of taxes and revenues”, a breakdown was provided into separate revenue streams from extractive sectors: profit taxes, royalties, etc.

Every information unit was supplemented with necessary analytic data on the following:

- ▶ which organization collects, stores and discloses a given unit of information,
- ▶ which sources are used in collecting, storing and disclosure of information (e.g. website, data portal, annual reports, etc.),
- ▶ link to webpage, if applicable,
- ▶ information about completeness, timely updating and publishing, disclosure period and public availability of data unit in consideration,
- ▶ information about whether an audit was carried out and by whom.

Meanwhile, before and during completion of the Matrix, EY interviewed and consulted stakeholders to gain better understanding of existing systems and ways of collecting, reporting and disclosing data provided by extractive industries in compliance with the EITI Standard requirements. These activities also aimed at learning the opinions of stakeholders with regards to mainstreaming EITI in Kazakhstan, ways to improve existing reporting of extractive sectors and identifying obstacles to achievement of goals in the context of mainstreaming EITI.

Listed below are consulted government entities, companies and organizations:

- ▶ EITI National Secretariat,
- ▶ MID Committee of Geology and Subsoil Use,
- ▶ ME Department of IT and Public Services,

- ▶ MF SRC,
- ▶ MNE Statistical Committee,
- ▶ NADLoC JSC,
- ▶ IACOG JSC;

Subsoil user companies:

- ▶ 'Tauten-Samruk' JSC»,
- ▶ 'KazMunaiGaz' JSC,
- ▶ 'Urikhtau Operating' LLC,
- ▶ Karachaganak Petroleum Operating B.V.

Industry associations:

- ▶ KAZENERGY Association.

Owing to the specificities of RK extractive industries, the Matrix is split in two separate sections: the mining industry and oil and gas industry. This approach allows for possible concurrence of some data entered into the Matrix on both industries.

Completed Matrix was used to identify gaps in reporting and disclosure of EITI data as well as existing overlaps between various sources of information and reporting systems. The data on such gaps and overlaps/duplication, reflected hereby, were taken into account in assessing Kazakhstan's potential preparedness for mainstreaming EITI as well as to develop appropriate recommendations. Also, consideration was given to existing information systems, their possible integration and/or expansion, or creation of new systems.

Thus, building on the work performed, a Road Map on mainstreaming EITI was developed (attached as Annex 2).

7.2 Annex 2. Road Map on Mainstreaming EITI

Table 5. Road Map on mainstreaming EITI in Kazakhstan

#	Recommendations	Year 1				Year 2			
		qtr1	qtr2	qtr3	qtr4	qtr1	qtr2	qtr3	qtr4
Requirement 2. Legal and regulatory framework, including allocation of contracts and licenses									
1.	Rule out data duplication/overlaps in publicly assessable inventories and contents of laws and LAs that regulate the activity extractive sectors								
2.	Eliminate gaps in disclosed information about transfer of subsoil use rights and competitions								
3.	Accelerate the work aimed at recording contract areas on the interactive map								
4.	Continue active work to ensure disclosure of the text of subsoil use contracts								
5.	Continue active work to ensure disclosure of information on beneficial ownership of extractive companies								
6.	Ensure disclosure of a comprehensive list of subsoil use enterprises with controlling government ownership interest								
7.	Independent validation of data contained in the annual reports of subsoil use companies								
8.	Ensure disclosure of data on loans and/or loan guarantees provided by the government and SOEs to extractive companies in terms of individual transactions and disaggregated by specific companies that receive such loans and/or loan guarantees								
Requirement 3. Exploration and production									

#	Recommendations	Year 1				Year 2			
		qtr1	qtr2	qtr3	qtr4	qtr1	qtr2	qtr3	qtr4
9.	Rule out data duplication/overlaps in production reports currently presented to MNE Statistical Committee and online EGSU system.								
10.	Automate and simplify the mechanism of collecting data on production volumes.								
Requirement 4. Revenue collection									
11.	Disclosure of data on revenue collection from sale of the state's share of production disaggregated by buying companies								
12.	Rule out data duplication/overlaps between reporting on tax and non-tax revenues presented by subsoil users to SRC, and uploaded to online EGSU system.								
13.	Continue working to ensure disclosure of data on terms of agreements and/or contracts on infrastructure and barter transactions alongside promotion of contract (text) disclosure (see Item 4 of the Table with recommendations) (<i>Requirement 4.3</i>)								
14.	Work out a description of railway routes most frequently used for transportation of minerals in the country, and make it publicly accessible.								
Requirement 5. Revenue allocations									
15.	Introduce a mechanism allowing for comparison of subsoil user payments with revenues received from extractive industries for specific development programs or geographic regions								
Requirement 6. Social and economic spending									

#	Recommendations	Year 1				Year 2			
		qtr1	qtr2	qtr3	qtr4	qtr1	qtr2	qtr3	qtr4
16	Rule out the following data duplication/overlaps: <ul style="list-style-type: none"> ▶ on number of personnel and local content employed by extractive companies, ▶ on expenditures for training local specialists, ▶ on share of local content in procured GWS, including GWS expenditures in the area of training/education. 								
17	Ensure reporting on SOE quasi-fiscal expenditures, and monitor it submission								
18	Ensure assessment of informal sector share (including but not necessarily limited to artisanal and small scale mining) of RK mineral production.								
19	Work out a uniform approach to assessing employment in the extractive industries in absolute terms and as a percentage of the total employment.								

Unit type symbols:

qtr – quarter

Time frame for implementation of the recommendations with estimated *non-material* need for resources

Time frame for implementation of the recommendations with estimated *material* need for resources



7.3 Annex 3. Matrix on extractive industries' disclosure of data required by the EITI Standard

EY | Assurance | Tax | Transactions | Advisory

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25 YEARS IN KAZAKHSTAN

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