Comments of the National Stakeholder Council of the Republic of Kazakhstan on the Draft Report on Primary Data Collection and Stakeholder Consultations, prepared by the EITI International Secretariat

Astana, November 2017
INTRODUCTION

The comments here presented of the National Stakeholder Council of the Republic of Kazakhstan (“NSC RK”) on the Draft Report on Primary Data Collection and Stakeholder Consultations, which was prepared by the EITI International Secretariat (“the Report”), have been compiled in order to bring attention to certain positions reflected in the Report, regarding which, in the opinion of the NSC RK, there are comments to be made.

Preparation for validation was carried out in accordance with the Action Plan in close cooperation with the International and National Secretariats, in compliance with the EITI Standard and the Validation Guide for the 3 blocks:

1. Control by the NSC RK (process management);
2. Disclosure of EITI data (timeliness and completeness of reports);
3. EITI results and impact.

It was recommended to prepare/finalize a number of documents. This has been done as follows:

- the Annex to the Memorandum of Understanding on the Initiative (“the MoU”) has been updated as regards regulations on functioning of the NSC RK, election procedures, rotation, and decision-making (approved by the NSC RK Minutes dated 15 June 2017);
- the recommendations of the International EITI Secretariat and moderators of the working groups on validation and reconciliation have been reviewed for purposes of the Work Plan. The Work Plan for EITI implementation in Kazakhstan in 2017-2018 has been revised to take account of best practice in drafting of work plans in other EITI member countries; national priorities such as open data policy and the beneficial ownership have been highlighted, and activities for their implementation have been included in the Work Plan (approved by the NSC RK Minutes No. 66 dated 19 April 2017);
- an Additional Report to the 11th National EITI Report for 2015 has been prepared, in compliance with the Terms of Reference provided by the EITI International Secretariat, which includes information for further disclosure in accordance with the international requirements of the EITI Standard (approved by the NSC RK Minutes dated 15 June 2017);
- a Progress Report on EITI implementation in Kazakhstan for 2016 has been prepared (approved by the NSC RK Minutes dated 15 June 2017);
- links with the Kazakhstan EITI logo have been created on the official websites of the Ministry of Energy of the Republic of Kazakhstan (including the Unified State System for Subsoil Use Management (USSU)) and on the website of the Ministry of Finance of the Republic of Kazakhstan in order to highlight information about the EITI provided by the Ministries involved in it. The press-centre section of the EITI National Site now displays the EITI Media Plan and information on open meetings in regional administrations (akimats) with the participation of companies, the general public and stakeholders; media publications on the EITI media are updated, as is work on conferences, seminars, trainings, roundtables, briefings, etc.
The Mission of the International EITI Secretariat on validation in Kazakhstan took place from 15 to 24 August 2017

As foreseen in the schedule of the Mission of the EITI International Secretariat (Dyveke Rogan, Regional Director of the EITI International Secretariat, Olesya Tolochko, Member of the EITI International Secretariat), meetings were held with: the EITI National Secretariat; members of the National Stakeholder Council (NSC); the Financial Monitoring Committee of the Ministry of Finance of the Republic of Kazakhstan; the Ministry of Energy (Department of Subsoil Use and Department of Information Technology and Government); the Ministry of Religious Affairs and Civil Society; KazMunaiGaz; representatives of large companies via the platform of the Association of Mining and Metallurgy Enterprises; Kazgeologia; Tau-Ken Samruk; Kazatomprom; the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan; the Department of Budget Credit, the National Fund of the Republic of Kazakhstan and Cooperation with the Financial Sector of the Ministry of Finance; the Ministry of Justice; Kaztransoil; KTZh; KAZENERGY Association; the Deputy Minister for Investment and Development of the Republic of Kazakhstan, Timur Toktabayev; the Independent Administrator and compiler of the National EITI Report, UHY SAPA Consulting LLC; and representatives of civil society.

In general, all of the meetings, which were held according to the schedule of the Mission of the EITI International Secretariat, took place in a friendly atmosphere, on an appropriately high level, with the active participation of government officials, Samruk-Kazyna, national companies, representatives of associations of companies, large oil & gas and mining companies, NGO representatives, the Independent Administrator and international donor organizations. Full answers were provided to the questions posed by representatives of the EITI International Secretariat.

Comments on the text of the Draft Report

On page 5, in the “Short Description” section, it is stated: “…in Kazakhstan there is concern over certain gaps in reporting, particularly in such areas as state companies (No. 2.6), quasi-fiscal expenditures (No. 6.2), social costs (No. 6.1), barter (No.4.3) and transport agreements (No 4.4)…”

Comment. An Additional Report was published to the 11th National EITI Report for 2015 (pages 6-12), where additional information was provided in accordance with requirements 2.6 and 6.2 with references to the annual financial statements of national companies published on their official websites and including the maximum range of data required for disclosure. However, it is necessary for this purpose to engage an expert who could analyze their financial reports and that will require additional funding. It should also be remembered that these data are open and accessible and anyone with the appropriate qualification can use them for research purposes.

In addition, point 8 in the Recommendations section of the 12th National Report for 2016 states that “the NSC should focus on the issue of the quasi-state sector and quasi-fiscal expenditures, and actions to develop a uniform approach to disclosure of this information should be included in the Work Plan for EITI Implementation in Kazakhstan in 2018.”
In view of the fact that the NSC is working on this issue to achieve systematization and analysis of data, which are provided on quasi-fiscal expenditures, subject to possible sourcing of donor funds, and that open and accessible information is available in published annual financial reports on the websites of national companies, the NSC considers that the “inadequate” assessment in respect of this requirement is unjustified and should be revised.

As regards social costs (6.1), Kazakhstan is one of the first countries to have included social investment data in EITI reporting, and was the first to publish this data (before they were obligatory). In the National EITI Report for 2015 and 2016, these data were fully validated to the EITI Standard with data from local executive bodies (akimats). As regards barter transactions (4.3), maximum information on barter agreements made in 2015 and all information on their terms, which is available for publication under current legislation, is published in the Additional Report (pages 30-32). Transport agreements (4.4) are considered in the National Report for 2015 as “Revenues from transportation” and information that maximally reflects this requirement is provided (Appendix 7).

On page 5 in the section “General conclusions” it is stated: “... There have been no significant efforts to expand EITI reporting and to use disclosed factual data not provided for by the EITI Standard in national discussions ...”

Comment. Reconciliation of data on social investment is a very substantial matter for debate. Kazakhstan is one of the first countries to have included social investment data in EITI reporting, and was the first to publish this data (before they were obligatory). In the National EITI Report for 2015 and 2016, these data were fully validated to the EITI Standard with data from local executive bodies (akimats).

The last paragraph on page 6 states: “...This primary assessment also reflects the process of limiting what was formerly the best opportunity for the functioning, expression of opinion and participation by civil society in the formation of state policy...”

Comment. A new Ministry for Religious Affairs and Civil Society was established in Kazakhstan in September last year. The Mission of the International EITI Secretariat to Astana, which took place from 15 to 24 August 2017, included a meeting with this Ministry. Aliya Kairatovna Galimova, the Chairman of the Committee on Civil Society Affairs, described the work of the Ministry, the main task of which is to develop a dialogue between the state and NGOs. Traditional dialogue platforms (civil forums) are held once every 2 years. At the forum last year, 10 government agencies gave an account of their activities to an audience of NGOs. Recommendations are prepared, based on results of the forum, a report is compiled and submitted to the Government. A Coordination Council has been set up for work with NGOs. Representatives of state bodies and large NGOs discuss their experience of work with NGOs and design recommendations once every six months (once every quarter at present). About 300 such platforms are active in the country today, as well as 229 public councils at national, city and district levels. (2/3 of their members are representatives of NGOs, business and parties). Their task is to exercise public control over implementation of the sectoral program.

There are 4 forms of public control:
1. Public monitoring,
2. Public hearings,
3. Expert review of laws and regulatory acts,
4. Hearings of reports.

Trainings are held on each of these four forms of control. There is a Law on State Procurement of Social Programmes. Assessment of the State Procurement Order is carried out on the initiative of NGOs.

Amendments were approved in 2015 and a database of NGOs was created. NGOs provide information on their project activities and planned work.

There are plans to make the database available to the public on the Ministry’s website, to post information on state social procurement and to coordinate work for the development of youth (volunteer) activities.

Online access has been made available for the provision of information about the EITI in electronic form.

This year the Government gave additional payments to NGOs for financial stability (10% of overall financing) in order to enable institutional development (equipment and consumables, raising staff qualifications, improvement of grant financing). Financing was also obtained from the business sector.

In addition, the Law on Social Councils, in force since November 2015 (http://adilet.zan.kz/rus/docs/Z150000038), defines the legal status, procedure for formation and activities of social councils for the implementation of government policy to ensure accountability of the state to the general public, broad participation of non-profit civil society organizations in decision-making by government bodies at all levels. The purpose of the social councils is to express the point of view of civil society on all significant issues.

It is stated in the last paragraph on page 7: “…to a certain extent this is explained by the political atmosphere in the country, where a relatively small elite is preparing for a change of political power. Very little is known about the possibilities of a change of political leadership in coming years but there is a feeling that the difficulties, which civil society is experiencing at the present time, are due to more strict legislation, tightening of government control and limitation of the freedom of expression, motivated by the desire to ensure stability in the lead-up to political changes…”

Comment. Such a declaration is not appropriate in the given report. Political debates are not relevant to discussion of EITI implementation in Kazakhstan. The NSC considers that this paragraph should be removed.

It is stated in the last paragraph on page 7: “Finally, it is important to note that the impact of transparency in raising the level of accountability and reform is limited, although EITI implementation has led to a substantial improvement of the level of accountability in the extractive industry in Kazakhstan, The country meets minimal expectations…”

Comment. Why minimal? The draft Code includes the key disclosure requirements, which were called for earlier, including disclosure of a beneficial owner; intensive work is being carried out to integrate open-access data, which are available on the Government website.

Page 15: “... This last occurred during the 8th National EITI Conference, held in Astana in October 2016.”
Comment. There is no updated information about the 9th conference in 2017, held as part of the KAZENERGY Forum

Page 18: “... At present this working group has eleven members”

Comment. All members take part in activities of the KAZENERGY Association Working Group, depending on the agenda of meetings.

Page 19: in the section Participation by companies (1.2), which reports the opinion of stakeholders, it is stated, “... Questions also arose as to whether companies are sufficiently independent in a situation when they are represented by organizations such as KazEnergy, which all stakeholders consider to be dependent on the Government.”

Comment. KAZENERGY Association considers the statement that it is dependent on the Government to be improper. KAZENERGY is a union of legal entities and represents the opinion of companies in the NSC. In addition to KAZENERGY, the companies Shell and NCOC are also members of the NSC.

It is stated on page 20 in the section “Participation by civil society (No. 1.3)”: “During the economic downturn of 2016 the Kazakh authorities imprisoned peaceful protestors, made large-scale and ill-defined criminal accusations against principal activists and obtained court judgments against independent journalists. The Parliament passed laws, which place unjustified burdens and limitations on NGOs…”

Comment: This has nothing to do with the process of EITI implementation in Kazakhstan; the task is to assess work by representatives of government organizations, which are involved in the EITI process.

It is stated on page 21 in the section “Reflection of the process in documents”: “Slander is a criminal offence and the Criminal Code forbids insults directed at the President. Self-censorship is widespread. Raids on independent media offices, persecution and arrest of journalists have been increasingly frequent since 2011 when the police used extraordinary powers to arrest and detain journalists who attempted to inform society of disorders in Janaozen and neighbouring regions. New laws passed in 2012 gave the Ministry of Culture and Information extended powers to counter ‘unofficial or negative information’ about any crisis…

“The 2016-2017 report on Kazakhstan by Amnesty International mentions the criminal prosecution of journalists and social media activists, which it calls a major breach of freedom of expression in Kazakhstan…”

Comment: This has nothing to do with the process of EITI implementation in Kazakhstan; the task is to assess work by representatives of government organizations, which are involved in the EITI process.
It is stated on page 22, in the section “Opinions of stakeholders”: “There has been an increasing number of prosecutions connected with freedom of expression. The dissemination of certain online information, which might be considered to promote social, national, family or racial hatred, or to be slanderous, has been subject to criminal prosecution. Civil society organizations have given examples of bloggers and activists in civil society campaigns who have written on such themes as Kazakh-Chinese relations and the sale of land to China, and who have been imprisoned as a result of their statements and actions. It has been suggested that civil society organizations can expect trouble if they deal with such sensitive issues as the President and his family, highly placed government officials and elections. However, civil society organizations were not able to give any example of journalists or civil society representatives who had been subject to repressive measures for making public declarations about the oil & gas and mining sectors…

“On 1 August the civil society activist Olesya Khalabuzar (leader of the Community of Young Professionals coalition, member of the Dialogue Platform and a former member of the NSC) was sentenced to two years of detention. Although the official charges concern incitement to racial hatred, civil society believes that the sentence was politically motivated. Olesya was also the leader of the opposition movement, Justice, and, as one civil society representative asserted, her coalition had made statements on many issues, including the campaign against corruption, the blacklisting of judges and state officials, the propounding of pro-Russian views, etc.

“…Several civil society representatives have expressed regret in connection with the possible approval of the new Law on Media, which places further limitations on media freedom, including a requirement that all reports should be supported by a full reference to the information source, that all questions to Government should be submitted in written form with the seal and signature of the editor, and also extends the period for response by the Government to submitted questions from three days to two weeks. Approval of these measures will increase the risk of criminal prosecution of independent media and of the suppression of public discussion, since information will have lost its relevance by the time it is made available. Independent local media, which were referred to, include Ratel.kz and Radio Asattyk (Radio Svoboda). There has been an increase in state financing of media in recent years, and the current environment, combined with tightening of the legal framework, is encouraging self-censorship and is not conducive to media functioning.”

Comment. The three parties to the NSC (deputies, the Government, and associations of companies including company representatives) believe that this section, “Civil society participation” (No. 1,3) should be reviewed in order to eliminate politicization, since it expresses the views of particular civil society actors and does not relate to assessment of the overall process of EITI implementation in Kazakhstan. It is necessary to assess the work of civil society representatives who are involved in the EITI process, who have equal votes in work by the NSC and its working groups, and who express their opinion openly. Other parties in the NSC do not in any way interfere with their decisions. Civil society organizations take an active part in conferences, in public councils in the regions, hold seminars, trainings, briefings and roundtables on EITI. Civil Society is represented in the NSC by the Dialogue Platform, which reaches a common decision and brings it to the NSC. The NSC parties also agree that the
Position of civil society may be expressed in the work of the International EITI Board by its civil society members, but such a position should not be included in this Report, since the relevant statements were not discussed by the NSC and are not related to implementation of the EITI.

Any parties who so wish can address their views via blogs to the heads of state bodies, express their opinion publicly and receive a public response within 3 days. The Law on Public Councils states that social councils operate in all state bodies, including at the regional level, and operate openly with mandatory involvement of the general public.

Deputy A.S. Muradov, a member of the NSC, was very upset by these statements and is opposed in principle to their inclusion in the Report, even to the point of renouncing further involvement in the work of the EITI.

Given that this circumstance may adversely affect the further implementation of the EITI in Kazakhstan, since the range of issues described in this Report goes beyond the bounds of the EITI implementation process and has a politicized nature, and since the NSC is concerned that the progress achieved in 13 years of implementation may be in vain, civil society representatives in the NSC are ready to discuss this matter once again at the Dialogue Platform in order to make a common decision on a consensus basis or prepare a separate comment.

Page 43: “... However, there are weaknesses in the process of performing these requirements, namely, the lack of a sufficient amount of published material on the procedure for nominating candidates to the NSC among members of parliament, the lack of a summary review of changes in government involvement in past years, as well as inadequate implementation of rules, which were recently agreed (in June 2017) for the publication by CSO representatives of information on their sources of funding and partnership.”

Comment. Representatives of parliament are selected by parliament. A summary review of the Government's participation is presented in the progress report. Implementation of the EITI was previously the responsibility of the Ministry of the Economy and then of the Ministry for Investment and Development. The Report also contains information on chairpersons of the NSC at various times. “Adequate” status should be obtained.

Page 48: “In considering further amendments to laws regarding civil society, and in the practice of implementing such laws, the Government should take care that these measures do not limit the ability of civil society to participate efficiently in the EITI.”

Comment. The NSC believes that all conditions are in place for the efficient participation by civil society in the EITI.

It is stated on page 78: “for example there was no preliminary report for the EITI Report in 2015.”

Comment. The preliminary report was delivered by the Independent Consultant on 20 July 2016 in compliance with the work schedule for preparation of the 11th National Report (the act of receipt is dated 20.07.2016) and was reviewed by the NSC Reconciliation Group (minutes of 03.08.2016).
It is stated in the section “Stakeholder opinions” on page 86: “Civil society has complained of the lack of transparency and accountability in use of special-purpose funding, which is often used to subsidize poorly functioning companies. It was remarked, for example, that the ‘acquisition’ by the National Bank of 10% of the shares of Samruk-Kazyna from the company KazMunaiGaz was in fact a subsidy by the National Bank in the amount of USD 4 billion to cover debts of KazMunaiGaz. This was concealed under the general term, ‘special-purpose transfer for support of the banking sector’ and the real beneficiaries of these funds have not been disclosed…”

Comment. Is this information accurate, is there a reference to the information source?

It is stated in the section “Social expenditures” on page 89: “Appendix 5 deals with spending by companies on the environment and education and includes the reporting procedure under the heading ‘Spending on the social sphere and infrastructure’. There is no clear division in the Report between these social expenditures and the spending in Appendix 3-2.”

Comment. The social expenditures reflected in Appendix 5 are based on reporting data under licence-contract terms and include the total sum of spending under the terms of contracts for subsoil use, which is used for the development of the social sphere, including transfers to Budget Classification Code 2016114 (since introduction of the respective regulatory act). Appendix 3-2 reflects sums with the exception of sums transferred to Budget Classification Code 2016114 (before introduction of the regulatory act) under contractual liabilities that were assumed previously. However, it is true that the sums differ substantially and steps should be taken to ensure their synchronization in future reports.

It is stated in the section “Stakeholder opinions” on pages 89-90: “…No details about such MoUs are available in open access, so it is not possible to find a full list of them, nor any transparent information regarding the full sums that were transferred under such MoUs as social investments, or regarding spending (data of sub-soil users on the financing of social initiatives…”

Comment. A special budget classification code, KBK 2016114 (Contributions by sub-soil users for the socio-economic development of a region and of its infrastructures) was included in the Budget Code in July 2014 in order to ensure the transparency and efficiency of investments by sub-soil users in regions. Sub-soil users are required to transfer funds only to that KBK. Such contributions are credited to revenues of the local budget. Under the Budget Code, revenues are not restricted in their use, with the exception of special-purpose transfers. Therefore it has not been possible until now to provide information on the use of money received from companies which are sub-soil users. In this regard there is a need to design a method for monitoring the spending of these funds jointly with regional administrations (akimats), involving, of course, civil society, so that such data can be made public. This applies to contracts, which previously made social spending commitments (national legislation requires contract stability, i.e., commitments assumed at the time of contract signing remain in force throughout the contract period). Therefore, if, for example, a company has committed to build specific social or infrastructure facilities (a school, hospital, road, etc.) by 2020, it continues to finance such commitments. In order to ensure the transparency and efficiency of this spending (carried out under memoranda, contracts, social partnership agreements, etc., with local executive bodies (akimats)) the
respective EITI reporting has been included in the USSU system, reflecting information on each company that is financing social measures (projects, programmes and social facilities, including those which have been transferred to the balance sheets of local executive bodies, indicating the full details of the recipients of funds provided by companies). These reports are in open online access in the USSU [http://egsu.energo.gov.kz/webapp/pages/home.jsf]. Akimats also provide analogous reporting, indicating the source of financing. Reconciliation of social investments carried out by the Independent consultant was already provided in the two EITI National Reports for 2015 and 2016, They are available on the EITI national site [http://eiti.geology.gov.kz/ru/national-reports]. This work has been highlighted by international experts as progress in implementation of the EITI in our country. Clarifications have also been published in respect each discrepancy (Appendix 13). In the process of reconciliation sub-soil users provided copies of supporting documents (memoranda, contracts, general register of payment authorizations) for all spending, which had been carried out.

On page 90, in the section “Stakeholder opinions”, it is stated: “…One civil society representative said that there is still a low level of transparency and lack of accountability in social investments since people do not have the right to vote on spending of social investments, which can amount to as much as USD 10-20 million a year in large projects…”; “One NPO considered the lack of voting rights for companies in respect of spending of these sums to be absurd. Such important matters as compensation for resettlement are also hidden under the carpet. Budgets and plans for resettlement of local people are not published and are not discussed with the people…”

Comment. Assessment of the needs for financing, by sub-soil users and through state social procurement, of social programmes, projects, etc., is carried out by the social councils. The Law on Social Councils, in force since November 2015, defines the legal status, procedure for the formation and activity of social councils, for purposes of state policy implementation to ensure accountability to the general public, and to ensure broad participation of non-profit organizations and citizens in decision-making by state bodies at all levels. The objective of social councils is to express the opinion of civil society on matters of social importance. Such councils are attached to local executive bodies. Hearings are held, and information about the hearings as well as materials for publication are published on the websites of local executive bodies, with the participation of civil society and of anyone who wishes to be involved, since they are open. Priority actions of a social nature are defined in this way.

On page 93, in the section “Stakeholder opinions”, it is stated: “Theft by ‘gold hunters’ may occur at major gold prospecting sites, but, on the whole illegal mining is not a problem in Kazakhstan. The new Subsoil Code will define the conditions for issue of permits for small-scale extraction activities. A representative of a civil society organization said that in eastern parts of the country whole villages make a living by means of theft from gold prospecting sites…”

Comment. This is not relevant for the assessment of EITI implementation in Kazakhstan.

On page 95 in the section “Social access” it is stated: “Although the NSC has not approved an open data policy…”
Comment: The NSC has discussed priorities regarding state policy on open data. EITI open data can increase transparency of the actions of the Government and of businesses, as well as raising awareness of how the country’s natural resources are used, how taxes are levied and how income from the extractive industries are spent. All of this provides a major incentive for efficient spending of these funds. Open data facilitate accountability and proper management, raise the level of public debates and help to combat corruption.

The purposes of open data: to enhance transparency, availability of data, social debate, and to combat corruption.

Implementation of open data policy

- Publication of reports on the official EITI site in Kazakhstan and also on the international EITI site.
- Broad dissemination of a simplified version in print in three languages (the state language, Russian and English).
- Correspondence of the data to current EITI standards.
- Focus on further increase of transparency.

The official portal of the Republic of Kazakhstan for open data is https://data.egov.kz/. The portal has open data concerning central state bodies, local executive bodies and other organizations. It is also possible to select information by categories, and the portal carries open budgets and gives the option of working in “open dialogue” regime (participation in discussions, submitting of applications, conduct of surveys).

The open data portal makes it possible to work with a large range of open data. For example, as regards the Ministry of Energy, the portal gives access to local content for companies, production volumes, environmental reports, etc. The site of the Geology and Sub-soil Committee includes information on sub-soil users, lists of minerals for which reserve accounting is carried out. The Committee on Statistics has macroeconomic indicators (exports, GDP and others), the Ministry of Finance carries budget reports (republican (state and local)), etc.

The EITI National Secretariat has noted that national reports have links to sites where the information required by the Standard is available in open access.

Priority should be given to the timely provision of information regarding open data, and expansion of its range. The result, in the near future, will be to make it unnecessary to produce EITI reports. It is also possible to consult the disaggregated EITI reports for each company in the USSU system as soon as they are submitted.

Priority will be given to a study of information content on the open data site in order to develop recommendations for data use, including use in the EITI framework (mainstreaming)

Prospects for development of the EITI in the light of our country’s strategic objectives are primarily related to attracting investments (both foreign and domestic) and are focused on the following priority areas:
• remote work with archive geological information materials, maximum declassification of previously inaccessible reports;

• introduction of international standards for public reporting on the results of geological exploration, and on resources and reserves of minerals;

• interactive work with information on mineral deposits (interactive maps);

• a simplified procedure for providing subsoil use rights in geological exploration contracts;

• open, online monitoring of reconciliation of company and government data on revenues to the budget of the Republic of Kazakhstan and on social investments;

• open information for analysis and forecasting of the management of state revenues and expenditures, to be accessible on the official websites of the Ministry of the National Economy and the Ministry of Finance.

A deputy of the Parliament Majlis, A.S. Muradov, has raised the issue of increasing knowledge potential in this and other areas. The National Secretariat has reported that, as before, the Work Plan calls for such efforts by members of Parliament, government bodies, and members of the NSC, the EITI Secretariat and NGOs.

It was resolved:

To approve the Work Plan within 10 days, including additional activities based on the issues discussed, taking account of the recommendations of the International Secretariat (NSC Minutes No. 65 dated 28.02.2017)

On page 96, in the section “Contribution to public discussions”, it is stated: “... At such a meeting in 2016 the results of a study by the Soros Foundation Kazakhstan were published under the title ‘Public Knowledge of the Oil & Gas Industry’. The results showed that 83% of respondents knew nothing of the EITI.

Comment. The Parliament Deputy, Akhmed Seidarakhmanovich Muradov, noted at such a meeting that survey results were obtained by interviewing a certain number of people, as well as by telephone, which cannot give an objective picture in this matter. A representative of the company NCOC and NSC member, Olzhas Kemelov, said that the population in western regions of Kazakhstan, where oil is mainly produced, is very familiar with the EITI.

On page 106 in the “Impact analysis” section it is stated: “...EITI implementation has been in progress for the last decade, but corruption in the extractive industry is still widespread, and the EITI is not considered to be an effective means of combating it. For this reason, government commitment has not always been perceived as genuine, but more as a desire to ‘show itself in the best light.’”

Comment. Implementation of the EITI in Kazakhstan is part of the Istanbul Anti-Corruption Action Plan (the “IAP”), which is a sub-regional mutual assessment programme that
was launched in 2003 as part the OECD Anti-Corruption Network for Eastern Europe and Central Asia. The IAP supports anti-corruption reforms in Azerbaijan, Armenia, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Uzbekistan and Ukraine through reviews and continuous monitoring of efforts by countries to carry out recommendations that support implementation of the UN Convention against Corruption and other international standards and most advanced practices. Kazakhstan received a positive assessment regarding implementation of the EITI and the work of the NSC as part of the 4th round of monitoring.