











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Indicator	Score
4.1.1	Context
4.1.1	Context

## 4.1.1.050: Has the government created a special fund or natural resource fund that concentrates revenue directly from oil, gas or mineral extraction?

Score:  A  B  C

### References:

Yes, National Fund of the Republic of Kazakhstan, sometimes referred to as "Oil Fund."  
Fund statistics on National Bank and Ministry of Finance websites:  
<http://www.salyk.kz/ru/nk/statistika/Pages/2011g.aspx>  
<http://www.nationalbank.kz/index.cfm?docid=180>

### Peer Review Comments:

Additional information on the National Fund at the site of the Ministry of Finance  
<http://www.minfin.kz/index.php?uin=1168490150&lang=rus&chapter=1168491034>  
<http://www.minfin.kz/index.php?uin=1183008958&chapter=1337074994&lang=rus>

## 4.1.1.051: What authority is responsible for the natural resource fund?

Score:  A  B  C  D  E

### References:

The National Oil Fund focuses specifically on saving petroleum revenue, which is then used to balance the national and regional budgets. It covers existing deficit and accumulates for a rainy day. See links for previous question.



### Peer Review Comments:

The National Fund is in theory managed by the Council on National Fund but in practice, the power is in the hands of Executive.  
<http://www.minfin.kz/index.php?uin=1168490150&lang=rus&chapter=1168491034>

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Indicator		Score
4.2.1	Comprehensive reports	83 
4.2.2.056	Audited reports	17 

4.2.1 Comprehensive reports

## 4.2.1.052: Are the rules for the fund's deposits and withdrawals published, including the formula(s) for deposits and withdrawals?

Score:  A  B  C

### References:

The National Oil Fund, its deposits and balance are published by the Ministry of Finance, and its withdrawals, at least for the most part, are published in the country's annual budget. See, for example: <http://minfin.kz/index.php?lang=rus&uin=1120634698&act=budjet&vb=3@ion=&year=2011&month=12> (Income, transfers/dohody, postupleniya transfertov). The transfer of 1 200 000,0 in this table is from the National Oil Fund.

### Peer Review Comments:

The National Fund is managed by the National Bank in terms of investment, while the expenditure side is under responsibility of the Ministry of Finance.  
<http://www.minfin.kz/index.php?uin=1168490150&lang=rus&chapter=1168491034>

## 4.2.1.053: Does the fund management or authority in charge of the fund publish comprehensive information on its assets, transactions and investments?

Score:  A  B  C  D  E

### References:

See: <http://www.nationalbank.kz/index.cfm?docid=180>

## 4.2.1.054: Are the reports containing information on the fund's assets and transactions understandable?

Score:  A  B  C  D  E

### References:

<http://www.salyk.kz/ru/nk/statistika/Pages/2012g.aspx>  
and there are also annual and monthly reports on <http://www.minfin.kz/index.php?uin=1120634837&lang=rus>  
(also see attached sample from 2010, latest available)

### Peer Review Comments:

There is no explanations in the report, it is not clear, what companies contribute to the National Fund,

which do not, where investments are done, why, there is no disaggregated data, no year-to-year comparisons, etc.

---

**4.2.1.055: How often are financial reports published by the fund management or authority in charge?**

**Score:**  A  B  C  D  E

**References:**

Monthly, quarterly, annually, on the Ministry of Finance websites (2 websites, see earlier comment). The National Bank has the Fund's value broken down by category and month.

4.2.2.056 Audited reports

---

**4.2.2.056a: Are the fund s financial reports audited?**

**Score:**  A  B  C  D  E

**Comments:**

Also see a 2010 overview of the Fund:

Bayan Shapagatova, "National Fund of the Republic of Kazakhstan: Investments in Sustainable Development (Natsional'nyi Fond Respubliki Kazakhstan: investitsii v ustoichivoe razvitie), The Soros Foundation, Almaty, 2011, [http://www.budget.kz/upload/Catalogue/NF/NF\\_shapagatova\\_web.pdf](http://www.budget.kz/upload/Catalogue/NF/NF_shapagatova_web.pdf)

**References:**

The Fund is audited internally and externally according to the National Bank. Additional information besides auditing expenses (costs) is not available.

---

**4.2.2.056b: Are the audited financial reports published?**

**Score:**  A  B  C

**References:**

Auditing has been conducted since 2001, the year after the fund's creation. Unable to locate them online.


**Peer Review Comments:**

The Ministry of Finance announce the tender for audit of the National Fund <http://www.audit.kz/index.php?newsid=510>

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Indicator	Score
4.3.1 Legal Framework and Practice	67 

## 4.3.1 Legal Framework and Practice

### 4.3.1.057: Are the rules governing deposits into the fund defined by legislation?

Score: A  B C

**References:**

Rules governing deposits are ad hoc and not legislated. They can be changed any year and often are changed, especially deposit rules.

### 4.3.1.058: In practice, does the government follow the rules governing deposits to the natural resource fund?

Score:  A B C D E

**References:**

The government uses the Fund in accordance with the Budget law adopted annually. It can regulate the value of transfer from the fund through it. However, it cannot be below the 8 percent stipulated in laws governing the Fund.

Also see Fund's overview: Bayan Shapagatova, "National Fund of the Republic of Kazakhstan: Investments in Sustainable Development (Natsional'nyi Fond Respubliki Kazakhstan: investitsii v ustoichivoe razvitie)", The Soros Foundation, Almaty, 2011, [http://www.budget.kz/upload/Catalogue/NF/NF\\_shapagatova\\_web.pdf](http://www.budget.kz/upload/Catalogue/NF/NF_shapagatova_web.pdf)

**Peer Review Comments:**

There is annual Information on Report on National Fund formation and use, for example, for 2011: <http://www.minfin.kz/index.php?uin=1183008958&chapter=1337074994&lang=rus>

### 4.3.1.059: Are the rules governing withdrawal or disbursement from the fund defined by legislation?

Score:  A B C

**References:**

Yes, Annually adopted Budget Law of Kazakhstan and Fund-governing legislation define the rules. See: <http://www.minfin.kz/index.php?uin=1121140119&lang=rus>  
Transfers from Fund to the Budget are approved every two years, but can be altered by new laws or decrees. All legislation is published timely and is available.

**Peer Review Comments:**

The rules are described in the Information on Report on National Fund formation and use, for example, for 2011:

<http://www.minfin.kz/index.php?uin=1183008958&chapter=1337074994&lang=rus>

---

**4.3.1.060: In practice, does the government follow the rules governing withdrawal or spending from natural resource fund?**

Score:  A  B  C  D  E

**References:**

Government is careful to pass relevant legislation prior to altering the established transfer mechanism. See: <http://www.minfin.kz/index.php?uin=1121140119&lang=rus>

---

**4.3.1.061: Are withdrawals or spending from the fund reserves approved by the legislature as part of the budget process?**

Score:  A  B  C

**References:**

Yes, see items on 'guaranteed' (garantirovannyi) and 'special purpose' (tselevoi) transfers from the Fund at: <http://www.minfin.kz/index.php?uin=1121140119&lang=rus>

---

**4.3.1.062: Are officials of the natural resource fund required to disclose information about their financial interest in any oil, gas or mining projects?**

Score:  A  B  C

**References:**

Unable to find relevant information on rules pertaining to disclosure or conflict of interest in the legislation governing the National Oil Fund. Since the managers of the Fund are top state ministers, there is a potential for the conflict of interest. It is essentially the same group of people who pass legislation and budget, govern the National Oil Fund and the National Welfare Fund "Samruk-Kazyna," which manages the state oil and gas assets (companies) that contribute to the National Oil Fund.

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# Kazakhstan - RWI Index Questionnaire

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Indicator	Score
5.1.1	Context
5.1.1	Context

## 5.1.1.063: Do central governments transfer resources to subnational authorities based on extraction of mineral resources?

Score: A B **C** D E

### References:

The Budget Code of Kazakhstan, Chapter 8 establishes the guidelines. The goal is to balance regional budgets, so there is no direct link between donor regions and recipient regions, and how much they receive back from the Fund. Resource-rich regions have greater tax base by default, so, de facto they are indirectly (via the National Oil Fund) subsidising resource-poor regions.

### Peer Review Comments:

There is a mixed system, the distribution can be seen in the line of "transfers" in each regional budget, for example, for Akmola region:

[http://www.minfin.kz/index.php?](http://www.minfin.kz/index.php?lang=rus&uin=1120634741&act=budjet&vb=0@ion=1&year=2012&month=1)

[lang=rus&uin=1120634741&act=budjet&vb=0@ion=1&year=2012&month=1](http://www.minfin.kz/index.php?lang=rus&uin=1120634741&act=budjet&vb=0@ion=1&year=2012&month=1)

## 5.1.1.064: Are conditions imposed on subnational government as part of revenue sharing regime?

Score: **A** B C

### References:

According to the Budget Code, the goal of the transfers is to invest in development of the resource-poor and cash-strapped regions, not to simply subsidise their regional budget deficits. Transfers are both earmarked for specific development projects as well as partially used to complement small revenue base, especially at times of crisis. In 2008 and 2009, for example, additional cash was pumped into budgets at all levels as an anti-crisis measure (by decree of the President of Kazakhstan)

See 2 decrees at: <http://www.minfin.kz/index.php?uin=1121140119&chapter=1305088057&lang=rus>

### Peer Review Comments:

Although there are conditions to use the transfers for infrastructure development, those have been violated by using funds for financial system (banks) or employment programs.

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Indicator		Score
5.2.1	Disclosure	67 

5.2.1 Disclosure

## 5.2.1.065: Are the rules for revenue transfers from central to sub national governments published, including the formula(s) for revenue sharing?

Score: A  B C

### References:

It is at the discretion of the Government (and the Parliament) to approve the Budget Law. Transfers to sub-national level must be determined by their need, socio-political situation, economic situation. There are no clear rules or formulas.

## 5.2.1.066: Does the central government publish comprehensive information on transfers of resource related revenues to sub-national governments?

Score: A  B C D E

### References:

Budget law only publishes the general transfer amount.

Relations between the national government and regions is not even specified in the order "On Concept of Accumulation and Spending of Assets of the National Fund of the Republic of Kazakhstan" (O kontseptsii formirovaniya i ispol'zovaniya sredstv Natsional'nogo fonda Respubliki Kazakhstan), Order of the President of Kazakhstan N 962, April 2, 2010, <http://www.minfin.kz/index.php?uin=1121140119&chapter=1305088571&lang=rus>

The one known quantity is the volume of transfers from regions to the Fund:  
<http://www.salyk.kz/ru/nk/statistika/Pages/2012g.aspx> (see latest balance attached).

### Peer Review Comments:

The Ministry of Finance provides information on subnational budget for each region separately in addition to the aggregate figures, see, for example, Akmola region:

<http://www.minfin.kz/index.php?lang=rus&uin=1120634741&act=budjet&vb=0@ion=1&year=2012&month=1>

## 5.2.1.067: Are the reports containing information on transfers of resource related revenues to sub-national governments understandable?

Score: A  B C D E

### References:

See previous comment

### Peer Review Comments:



The reports are generally comprehensive:

[http://www.minfin.kz/index.php?](http://www.minfin.kz/index.php?lang=rus&uin=1120634741&act=budget&vb=0@ion=1&year=2012&month=1)

[lang=rus&uin=1120634741&act=budget&vb=0@ion=1&year=2012&month=1](http://www.minfin.kz/index.php?lang=rus&uin=1120634741&act=budget&vb=0@ion=1&year=2012&month=1)

---

#### 5.2.1.068: How often does the central government publish information on transfers of resource related revenues to sub-national governments?

Score:  A  B  C  D  E

##### References:

Annual Budget, e.g. the Budget Code of the Republic of Kazakhstan.

##### Peer Review Comments:

The information is published monthly.

[http://www.minfin.kz/index.php?](http://www.minfin.kz/index.php?lang=rus&uin=1120634741&act=budget&vb=0@ion=1&year=2012&month=1)

[lang=rus&uin=1120634741&act=budget&vb=0@ion=1&year=2012&month=1](http://www.minfin.kz/index.php?lang=rus&uin=1120634741&act=budget&vb=0@ion=1&year=2012&month=1)

---

#### 5.2.1.069: Do sub-national governments publish information on transfers received from central governments?

Score:  A  B  C

##### References:

See Law "On volume of general transfers between Republican and Regional budgets, budgets of city of national significance and the capital city for 2011-2013" (ob ob'yemah transfertov obschego kharaktera mezhdyy respublikanskim i oblastnymi budgetami, budgetami goroda respublikanskogo znacheniya, stolitsy na 2011-2013 gody), Law of the Republic of Kazakhstan, N 359-IV, November 30, 2010, <http://www.minplan.kz/economyabout/252/35193>

It only stipulates the 'general amount' of transfers to regions without specifying additional special purpose transfers or their mechanism.


See, for example, Kostanai Region budget for 2011 at: <http://www.kostanay.gov.kz/rus/analitika-51|169|751.html>

Also see "Open Local Budget Index - 2011," National Budget Network of Kazakhstan, 2011, [http://www.budget.kz/upload/Catalogue/open\\_budget/OLBI\\_report/olbi\\_eng\\_FINAL.pdf](http://www.budget.kz/upload/Catalogue/open_budget/OLBI_report/olbi_eng_FINAL.pdf)

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Indicator	Score
5.3.1 Legal Framework and Practice	50 

## 5.3.1 Legal Framework and Practice

### 5.3.1.070: Are arrangements (including formulas and responsible institutions) for resource revenue sharing between central and sub-national governments defined by legislation?

Score: A  B C

**References:**

Same as previous qst:

See Law "On volume of general transfers between Republican and Regional budgets, budgets of city of national significance and the capital city for 2011-2013" (ob ob'yemah transfertov obshchego kharaktera mezhdyy respublikanskim i oblastnymi budgetami, budgetami goroda respublikanskogo znacheniya, stolitsy na 2011-2013 gody), Law of the Republic of Kazakhstan, N 359-IV, November 30, 2010, <http://www.minplan.kz/economyabout/252/35193>

It only stipulates the 'general amount' of transfers to regions without specifying additional special purpose transfers or their mechanism.

### 5.3.1.071: In practice, does the government follow the rules established by resource revenue sharing legislation?

Score:  A B C D E

**References:**

The government generally follows existing rules, but it can alter them by passing amendments to budget Code, Law on the National Oil Fund, or simply by Presidential Order. As mentioned earlier, the Fund was used to assist the national and regional budgets as well as companies during the 2008-2009 crisis, as well as to, apparently bail out banks such as BTA Bank.

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# Kazakhstan - RWI Index Questionnaire

## Context

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Indicator	Score
1.1	Context
1.1	Context

### 1.1.001: Does the country have a clear legal definition of ownership of mineral resources?

Score:  A  B  C  D  E

#### References:

Article 10, Law of the Republic of Kazakhstan 'On Subsoil Resources and Resources' (Zakon Respubliki Kazakhstan "O nedrah i nedropol'zovanii"), N 291-IV June 24, 2010, <http://www.pavlodar.com/zakon/?dok=02510&uro=08010> (in Russian)

#### Peer Review Comments:

It is worth citing the Kazakhstani Constitution, article 6.3: "Ground and its subsoil .... are in the state ownership"  
<http://www.pavlodar.com/zakon/?dok=00004&uro=08006>

### 1.1.002: Who has authority to grant hydrocarbon and mineral rights or licenses?

Score:  A  B  C  D  E

#### References:

Order on Licensing Subsoil Resources Use in the Republic of Kazakhstan (Polozhenie o poryadke litsenzirovaniya pol'zovaniya nedrami v Respublike Kazakhstan), Adopted by Decree of Cabinet of Ministers N 886, August 8, 1994, [http://kazakhstan.news-city.info/docs/sistemi/dok\\_perywo.htm](http://kazakhstan.news-city.info/docs/sistemi/dok_perywo.htm) (also amended by Government Order N 108, January 21, 2000).

Chapter 3, Article 12 of the Law on Licensing of the Republic of Kazakhstan,  
<http://www.zakon.kz/141150-zakon-respubliki-kazakhstan-ot-11.html> as amended by January 18, 2012.

### 1.1.003: What licensing practices does the government commonly follow?

Score:  A  B  C  D  E

#### References:

Starting April 1, 2012, a new Kazakh portal describes what specific documents are needed to obtain licenses: <http://www.elicense.kz/LicensingContent/ActivityType?SelectedSubActivityIds=28000&ActivityType.Id=20&Licensiar.Id=&nextStep=%D0%94%D0%B0%D0%BB%D1%8C%D1%88%D0%B5>

Also see letter with instructions to subsoil users, Ministry of Energy, February 17, 2012:

[http://mgm.gov.kz/images/stories/pismo\\_200212.pdf](http://mgm.gov.kz/images/stories/pismo_200212.pdf) (in Russian)

#### Peer Review Comments:

The cited source is related to the type of business licensing of the Ministry of Industry and New Technologies (for example, business activity is extraction of mineral resources, subactivity - oil extraction.) All subsoil users are to have this kind of license to be qualified to take part in tender for the particular mine. However, in 2007 the President of Kazakhstan has introduced moratorium on any licenses/contracts in extractive industry from the Oil and Gas Ministry.

<http://www.kazinform.kz/rus/article/2282488>, "I introduced moratorium on use of mineral deposits" - the President of Kazakhstan at the International Congress on Mineral Resources and Metallurgy, 2010.

The Oil and Gas Ministry confirmed that they are not allowed to announce any tender for mineral development due to the Protocol of the Investors Council Meeting where this decision was made in April 2007. Although this Protocol is not available on the internet, there are many confirmation of this moratorium, for example:

<http://internet.bibo.kz/414150-pravitelstvo-predlagaet-chastichno-snjat.html>

where 17.05.12 the Government asks the President to remove partly the moratorium for subsoil use licenses

The moratorium was introduced because of abusive investors who did not develop their mines. See also [http://www.kommersant.com/p735632/r\\_500/Kazakhstan\\_oil\\_production/](http://www.kommersant.com/p735632/r_500/Kazakhstan_oil_production/) for other reasons.

At the same time in 2011 the Department on contracts with subsoil users reported that they monitored 204 contracts (63 for hydrocarbon exploration, 55 for hydrocarbon extraction, 71 mixed contracts, 15 Production Sharing Agreements and Tengizchevroil, which represented different types of licenses/contracts) some of which were concluded via negotiations, other through bidding.

[http://www.mgm.gov.kz/index.php?](http://www.mgm.gov.kz/index.php?option=com_content&view=category&layout=blog&id=44&Itemid=66&lang=ru)

[option=com\\_content&view=category&layout=blog&id=44&Itemid=66&lang=ru](http://www.mgm.gov.kz/index.php?option=com_content&view=category&layout=blog&id=44&Itemid=66&lang=ru)

#### 1.1.004: What is the fiscal system for mineral resources?

Score: A B C **(D)** E

#### Comments:

There are open and closed tenders (contests). Information on public contests for mineral resources is available in the media. Information on closed contests is not published.

The system is mixed: some operate as state companies (KazMunaiGas), others as joint ventures under a mixed system, including some PSC arrangements (TengizChevroil), others as normal joint ventures or as subsidiaries of foreign companies under Kazakh laws (LUKOil).

Thus, there are various taxes and in-kind contributions (PSCs). It is clearly a mixed system.

#### References:

Ministry of Oil and Gas of the Republic of Kazakhstan:

[http://mgm.gov.kz/index.php?](http://mgm.gov.kz/index.php?option=com_content&view=category&layout=blog&id=44&Itemid=66&lang=ru)

[option=com\\_content&view=category&layout=blog&id=44&Itemid=66&lang=ru](http://mgm.gov.kz/index.php?option=com_content&view=category&layout=blog&id=44&Itemid=66&lang=ru)

#### 1.1.005: What agency has authority to regulate the hydrocarbon and mineral sector?

Score: **(A)** B C D E

#### References:

The Ministry of Oil and Gas of the Republic of Kazakhstan, <http://mgm.gov.kz> and its special service unit Unified State System for Governance of Subsoil Use (Edinaya gosudarstvennaya sistema upravleniya nedropol'zovaniem), <http://egsu.mng.gov.kz>

#### Peer Review Comments:

The Ministry of Industry and New Technologies regulates the mineral subsoil use. It also concludes

contracts for gold, non-precious metals, non-metals (altogether 366 contracts).  
<http://www.mint.gov.kz/index.php?id=343&lang=ru>

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# Kazakhstan - RWI Index Questionnaire

## Disclosure

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Indicator		Score
1.2.006	Information on licensing process	33 
1.2	Contract transparency	0 
1.2.008	Environmental and social impact assessments	42 
1.2	Access to information and legislation	67 

1.2.006 Information on licensing process

### 1.2.006.a: What information does the government publish on the licensing process before negotiations?

Score: A B  C D E

#### References:

Ministry of Oil and Gas.  
Information is rarely published.

#### Peer Review Comments:

See comment for question 3.

Also note that despite this lack of information, article 47 of the Law on "Subsoil and subsoil users" indicates the government's obligations on publishing requirements if the licenses/contracts are given via tender <http://www.pavlodar.com/zakon/?dok=02510&all=04006> and article 57 if the licenses/ contracts are given via negotiations. <http://www.pavlodar.com/zakon/?dok=02510&uro=08057>

### 1.2.006.b: What information does the government publish on the licensing process after negotiations?

Score: A B  C D E

#### References:

Government has clear established procedure. See Instruction of Ministry of Energy and Mineral Resources "On Preparation of Requests for Participation in Contests and Contest Proposal for the Right to Subsoil Resources Use: for Exploration, Production and Combined Exploration and Production" N 199, September 13, 2002 (Instruktsiya po podgotovke na uchastie v konkurse i konkursnyh predlozhenii na poluchenoje prava nedropol'zovaniya na razverdky, dobychu i sovmeshyonnyu razvedku i dobychu), <http://www.pavlodar.com/zakon/index.html?dok=02455&oraz=00&noraz=0>

#### Peer Review Comments:

The law on "Subsoil and Subsoil Use" says nothing on the publication of the licensing process (article 68 only specifies the necessity to register the contract and send copies to the Ministry of Economic

Development and the Ministry of Environment Protection.  
<http://www.pavlodar.com/zakon/?dok=02510&uro=08068>

At the same time, according to the Public Procurement legislation the information on bidding process (Protocol) has to be published.  
<http://www.pavlodar.com/zakon/?dok=03751&uro=08027>

It is difficult to bring real examples, since the moratorium on any new contracts for subsoil extraction has been introduced in 2007.

## 1.2 Contract transparency

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### 1.2.007: Are all contracts, agreements or negotiated terms for exploration and production, regardless of the way they are granted, disclosed to the public?

Score: A B C **(D)** E

#### References:

The Ministry of Oil and Gas publishes annual reports in Russian and Kazakh languages. The only available report is for 2010: Results of Strategic Planning of the Oil and Gas Industry for 2010 and Plans for 2011 (Itogi strategicheskogo razvitiya neftegazovoi otrasli za 2010 god i plany na 2011 god), [http://mgm.gov.kz/doc/itogi\\_0211.doc](http://mgm.gov.kz/doc/itogi_0211.doc)

#### Peer Review Comments:

The cited source is irrelevant. Only general information on the use of mineral resources is accessible, which has no value for the public, it cannot be used for the implementation of any community initiatives, programs, etc.

According to Article 8 of the Law on Subsoil and Subsoil Use, the information on the conditions of implementation of the contract, which often is the content of the contract, can be obtained upon a written request. However, it is difficult to prove your rights being "interested party" to break conditions of contract confidentiality.

<http://www.pavlodar.com/zakon/?dok=02510&uro=08008>

According to Article 68 paragraph 3 of the Law on On Subsoil Resources and Resources, the contract requires a mandatory state registration. See more information in Russian  
<http://www.ntp.kz/ru/news/282/>

According to the article 52, clause 6 "The tender results are to be published in official printed media and at the internet site of the authorized body." But this does not require publication of the contracts themselves.

<http://www.pavlodar.com/zakon/?dok=02510&uro=08052>

## 1.2.008 Environmental and social impact assessments

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### 1.2.008.a: Does legislation require that mining, gas and oil development projects prepare an environmental impact assessment prior to the award of any mineral rights or project implementation?

Score: **(A)** B C

#### References:

Full expertise is mandatory in accordance with Article 42, point 4, Law of the Republic of Kazakhstan 'On Licensing' (O litsenzirovanii), No 214-III, January 11, 2007, <http://www.zakon.kz/141150-zakon->

respubliki-kazakhstan-ot-11.html and Part 3, Chapter 10 'Mechanisms of economic regulation of environmental protection and resources use (Mekhanizmy ekonomicheskogo regulirovaniya okhrany okruzhaushei sredi i prirodopol'zovaniya) and 'Order of Licensing (poryadok bydachi litsenzii) of the Environmental Code (Ekologicheskii kodeks) of the Republic of Kazakhstan, as of July 17, 2009).

**Peer Review Comments:**

The best source to cite is Chapter 6 of the Ecological (Environmental) Code (of 9.01.07): "The Environment Impact Assessment", articles 35-44  
<http://www.pavlodar.com/zakon/?dok=03353&ogl=04006&og=1>

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**1.2.008.b: Are environmental impact assessments for oil, gas and mining projects published by the authority in charge of regulating the sector and is there a consultation process?**

Score: A  B C D E

**References:**

There are two types of expertise: state-run and public independent evaluation, as well as audit of environmental expertise. Full expertise is mandatory and is published in accordance with Article 42, point 4, Law of the Republic of Kazakhstan 'On Licensing' (O litsenzirovanii), No 214-III, January 11, 2007, <http://www.zakon.kz/141150-zakon-respubliki-kazakhstan-ot-11.html> and Chapter 7 'Environmental Expertise' (ekologicheskaya ekspertiza) of the Environmental Code (Ekologicheskii kodeks) of the Republic of Kazakhstan, as of July 17, 2009), [http://online.zakon.kz/Document/?doc\\_id=30085593&sublink=450000](http://online.zakon.kz/Document/?doc_id=30085593&sublink=450000)

**Peer Review Comments:**

The best source to cite is article 57 of the Ecological Code "Transparency of the state environment expertise and access of population to the decision making", which requires indication of who is going to be invited, terms, place and means of the public feedback. However, there are no requirements on publication of the results of public hearings, just the right of "all interested parties" to get information (article 57.5) <http://www.pavlodar.com/zakon/?dok=03353&uro=08057>

According to the Ecological Code article 14 Civil society organizations have a right to conduct environmental expertise and public hearings, request necessary information from the government, take part in decision making on environmental issues,  
<http://www.pavlodar.com/zakon/?dok=03353&uro=08014>,

However, the results of environmental audit is considered to be confidential (article 91)  
<http://www.pavlodar.com/zakon/?dok=03353&uro=08091>

Companies and local authorities conduct public hearings, but in reality this process is not consultative and carried out formally. There is no information on what changes have been made based on recommendations proposed by civil society at the public hearing.

Very often companies and authorities invite loyal or indifferent NGOs which are not specialized in the environmental problems to serve as silent approvers; companies do not have any obligations to follow NGO recommendations, if any. Civil society organizations often are not able to conduct proper EIA and further public hearings due to a lack of finance and organization.

Source: own experience

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**1.2.008.c: Does legislation require that mining, gas and oil development projects prepare a social impact assessment?**

Score: A  B C

**Comments:**

Social impact assessments are part of EIAs. They are not required per se.

**References:**



Articles 57 and 67 of the Environmental Code, <http://www.zakon.kz/141149-ekologicheskijj-kodeks.html> state that results of both the state and the public environmental and social assessment are made public via public hearings and/or publication in media. In reality not all environmental assessments are published, some not published in time, e.g. published after mineral rights are awarded.

**Peer Review Comments:**

The better source to cite is <http://www.pavlodar.com/zakon/?dok=03353&uro=08039>  
The Ecological (Environmental) Code of RK, Chapter 6, Article 39, clause 2.10:  
"Within the EIA the social impact assessment is to be done".

**1.2.008.d: Are social impact assessments for oil, gas and mining projects published and is there a consultation process?**

Score: A B C  D E

**References:**

See previous answer. The mechanism of publication is unclear. Technically all information should be available on respective government websites, mostly on the Ministry of Environmental Protection website: [http://www.eco.gov.kz/moos/index.php?option=com\\_content&view=article&id=295&Itemid=90&lang=en](http://www.eco.gov.kz/moos/index.php?option=com_content&view=article&id=295&Itemid=90&lang=en)

Reports, however, are often general, only citing basic data. There are exceptions, however. See, for example, Registrar of Environmental Problems of the Republic of Kazakhstan for 2004-2015 at [http://www.eco.gov.kz/moos/images/reestr\\_new.pdf](http://www.eco.gov.kz/moos/images/reestr_new.pdf)

Social assessment is secondary to environmental in Kazakhstan. It is not emphasized.

**Peer Review Comments:**

The Ministry of Environment Protections published a register of environmental problems in all Kazakhtani regions, where oil regions are present and specific problems related to various oil fields and projects:  
[http://www.eco.gov.kz/moos/images/reestr\\_ep.pdf](http://www.eco.gov.kz/moos/images/reestr_ep.pdf)

The Environment Ministry also published "Environment and social-demographic data on rural territories", including those in oil regions, 2011  
[http://www.eco.gov.kz/moos/index.php?option=com\\_content&view=article&id=474&Itemid=112&lang=ru](http://www.eco.gov.kz/moos/index.php?option=com_content&view=article&id=474&Itemid=112&lang=ru)  
However, they are not related to the impact assessments.

1.2 Access to information and legislation

**1.2.009: Does the government publish detailed mineral/hydrocarbon resource legislation?**

Score:  A B C D E

**References:**

There is a relatively new and detailed law that has replaced the 1995 Law "On Oil" (O nefti) and multiple state decrees and amendments to 1990s legislation. Law of the Republic of Kazakhstan 'On Subsoil Resources and Resources Use' (Zakon Respubliki Kazakhstan "O nedrah i nedropol'zovanii"), N 291-IV June 24, 2010, <http://www.pavlodar.com/zakon/?dok=02510&ogl=all>

**1.2.010: This country has adopted a rule or legislation that provides for disclosure of information in the oil, gas and mineral sectors.**

**Score:** A B **C** D E

**References:**

Full disclosure of information is stipulated by law. There is article 101 in the Securities Law (O rynke tsennyh bumag), N 461-2, July 2, 2003.

There is also a major anti-corruption initiative "Decree of Government of Kazakhstan on Anti-corruption Action in 2011-2015" (Ob utverzhdenii otraslevoi programmy po protivodeistviu korrupsii v Respublike Kazakhstan na 2011 - 2015 gody), N 308, March 31, 2011, [http://mgm.gov.kz/doc/prag\\_koru.doc](http://mgm.gov.kz/doc/prag_koru.doc)


Finally, there are rules on Conducting Monitoring and Control Over Contractual Terms (Ob utverzhdenii Pravil osuschestvleniya monitoringa i kontrolya za soblyudeniem vypolneniya uslovii kontraktov), Decree of the Government of Kazakhstan N 117, February 10, 2011, accessed via <http://egsu.mng.gov.kz/>

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# Kazakhstan - RWI Index Questionnaire

## Legal Framework and Practices

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Indicator	Score
1.3 Legal Framework and Practices	84 

### 1.3 Legal Framework and Practices

#### 1.3.011: The authority in charge of awarding licenses or contracts for mineral or hydrocarbon production is independent of the state owned company (SOC) or other operating companies.

Score:  A  B  C

##### References:

The authority is independent. However, SOC KazMunaiGaz and several others enjoy preferential treatment.

In its 2006 report KMG explicitly stated that "KMG has preferential access to resources due to its special relationship with the Kazakh government and its parent company" (p. 15):

This relationship only strengthened as high oil price pushed Kazakhstan towards greater resource nationalism and the Samruk-Kazyna state corporation consolidated key state assets, including KMG upon its founding in October 2008.

Moreover, local contractors have been favored by the Kazakh government according to its official policy since 2009. See "Kazakhstan fund favours locals," Upstream, October 8, 2010, [http://www.upstreamonline.com/live/article232363.ece?newt\\_graphFrontpage\\_tab=contractors](http://www.upstreamonline.com/live/article232363.ece?newt_graphFrontpage_tab=contractors)

##### Peer Review Comments:

Only the Ministry of Oil and Gas (MOG) can award licenses. However, the President of Kazakhstan has authority to overrule the law, for example, to introduce the moratorium on awarding contracts, as it was done in 2007 and is written in the Protocol of the Investors' Meeting.

"I had introduced the moratorium on mining contracts" - at the International Congress on Mineral Resources and Metallurgy.

<http://www.kazinform.kz/rus/article/2282488>

#### 1.3.012: Is the licensing process intended to be open and competitive to all qualified companies?

Score:  A  B  C  D  E

##### References:

Law of the Republic of Kazakhstan 'On Subsoil Resources and Resources Use' (Zakon Respubliki Kazakhstan "O nedrah i nedropol'zovanii"), N 291-IV June 24, 2010, <http://www.pavlodar.com/zakon/?dok=02510&ogl=all>

Article 31 of the new law specifically states that the National Company participates in the state resources use policy and represents state interest in contracts that require its participation.

Furthermore, it manages resources use together with winners of contests as a stakeholder in projects, and has a number of other functions: <http://www.pavlodar.com/zakon/?dok=02510&uro=08031>

Thus, Samruk-Kazyna (KMG) is legally a stakeholder in every deal as a state representative. There is no specific criteria with regard to which projects KMG must participate in. It is at government's discretion.

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**1.3.013: Does the licensing process or legislation impose limits to discretionary powers of the authority in charge of awarding licenses or contracts?**

Score: A  B C D E

**References:**

There are standard contracts developed by the state for subsoil use. These contracts can be changed based on a specific project and state goals. On the one hand, the state incorporates clauses for state company participation in projects, but on the other, it reserves a right to change criteria.

Moreover, the state reserves a preferential right to purchase produced resources from any company operating in the country: Article 12, Law of the Republic of Kazakhstan 'On Subsoil Resources and Resources Use' (Zakon Respubliki Kazakhstan "O nedrah i nedropol'zovanii"), N 291-IV June 24, 2010, <http://www.pavlodar.com/zakon/?dok=02510&uro=08012>

**Peer Review Comments:**

The best source to cite is the Chapter 6 of the Law on Subsoil and Subsoil use "The contract on subsoil use", which specifies conditions and limits of discretionary power for authorities. <http://www.pavlodar.com/zakon/?dok=02510&ogl=04006&og=1>

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**1.3.014: Does the legislative branch have any oversight role regarding contracts and licenses in the oil, gas and mining sector?**

Score: A  B C D E

**References:**

Monitoring of contracts and licenses is conducted in accordance with Government Decree N 117 "On Approval of Rules for conducting monitoring and control after fulfillment of contractual terms" (Ob utverzhdanii Pravil osychestvlenia monitoring i kontrolya za soblyudeniem vypolnenia uslovii kontraktov), February 10, 2011, <http://egsu.mng.gov.kz>

The Parliament (Medjlis) receives reports on a regular basis.

**Peer Review Comments:**

The best source to cite is article 8 of the Law on Subsoil and Subsoil Use: "Transparency in subsoil use operations"

All interested parties have a right to read the content and conditions of the concluded contract in the competent government body. The notion of interested parties implies Parliament, local legislative bodies, governmental bodies and local executives who have a right to know confidential information. <http://www.pavlodar.com/zakon/?dok=02510&uro=08008>

This implication cannot be considered as a proper oversight and in practice there were no precedent for such control.

The cited "Rules of monitoring and control over compliance with contract terms" do not imply the involvement of legislative bodies.

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**1.3.015: Is there a due process to appeal licensing decisions?**

Score:  A B C

**References:**

Article 46, Law of the Republic of Kazakhstan 'On Licensing' (O litsenzirovanii), No 214-III, January 11, 2007, <http://www.zakon.kz/141150-zakon-respubliki-kazakhstan-ot-11.html>

**Peer Review Comments:**

The cited Law on Licensing (for types of businesses provided by the Ministry of Industry and New Technologies) is irrelevant to this case, because the question is about licenses/contracts for subsoil users, provided by the Ministry of Oil and Gas.

Anyway, the right to appeal is provided by article 52 of the Law on Subsoil and Subsoil users

"4. Tender results can be appealed by tender participants"

<http://www.pavlodar.com/zakon/?dok=02510&uro=08052>

The rejection in accepting tender participant can also be appealed in the court (article 51 of the law on Subsoil and Subsoil use.

<http://www.pavlodar.com/zakon/?dok=02510&uro=08051>

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### 1.3.016: Is there a legal or regulatory requirement to disclose all beneficial ownership in oil, gas and mining companies or projects?

Score:  A  B  C

#### References:

KMG is ranked high. See, for example: "General disclosure requirements in Kazakhstan are set the by the Company Law, 2003 and by the 2003 Securities Market Law. The Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organization (FSA), oversees compliance with these laws. Under the Company Law, companies are required to compile and publish annual audited financial reports, disclose large transactions and transactions with related parties, and decisions of general shareholder meetings, etc. Companies subject to the Securities Market Law are also required to disclose a list of affiliated parties on a quarterly basis, changes in the composition of owners holding more than 10% of voting shares, and changes to the list of companies in which issuers hold more than 10%." p. 8 of Transparency and Disclosure by Kazakhstani Companies 2009: A Low Start, a Great Promise, Standard & Poors, October 14, 2009.

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# Kazakhstan - RWI Index Questionnaire

## Context

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Indicator	Score
2.1 Context	100 

### 2.1 Context

#### 2.1.017: Does the government receive in-kind payments instead of financial payments from resource companies?

Score: A  B C

##### References:

No, but the government reserves a right to purchase produced resources from any company at market price.

See qst 1.3.013: "Moreover, the state reserves a preferential right to purchase produced resources from any company operating in the country: Article 12, Law of the Republic of Kazakhstan 'On Subsoil Resources and Resources Use' (Zakon Respubliki Kazakhstan "O nedrah i nedropol'zovanii"), N 291-IV June 24, 2010, <http://www.pavlodar.com/zakon/?dok=02510&uro=08012>"

#### 2.1.018: If the government or state owned companies sell physical commodities (oil, gas or minerals) from in-kind payments or own production, is there information about how these commodities are marketed?

Score: A  B C D E

##### References:

KMG ships oil to the global market through its companies pipeline and rail operator AO "KazTransOil" and sea tanker transporter AO "KazMorTransFlot" as well as through Caspian Pipeline Consortium to Samara and Novorossiisk in Russia and via a pipeline to Alashankou to China.

##### Peer Review Comments:

References:

State own company KMG transports oil:  
<http://kmg.kz/manufacturing/oil/>

and also refines and sell on domestic market:  
<http://kmg.kz/manufacturing/refining/>

#### 2.1.019: What authority actually collects payments from resource companies?

Score:  A B C D E

##### References:

Tax Committee of the Ministry of Finance: <http://www.salyk.kz/eng/nk/Pages/default.aspx>

**Peer Review Comments:**

The receipts from extractive companies are collected by the Tax Committee of the Ministry of Finance which are then put in the National Fund














<http://www.minfin.kz/index.php?uin=1168490150&lang=rus&chapter=1168491034>

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# Kazakhstan - RWI Index Questionnaire

## Disclosure

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Indicator		Score
2.2A.020	Does the Ministry of Finance publish periodical information on revenue generation?	19 
2.2A.020.j	Does the Ministry of Finance publish information on disaggregated revenue streams?	75 
2.2A	Quality of reports	84 
2.2B.020	Does the Ministry of the extractive sector publish information on revenue generation?	7 
2.2B.020.j	Does the Ministry of the extractive sector publish information on disaggregated revenue streams?	0 
2.2B	Quality of reports	0 
2.2C.020	Does a Regulatory Agency publish information on revenue generation?	4 
2.2C.020.j	Does a Regulatory Agency publish information on disaggregated revenue streams?	0 
2.2C	Quality of reports	33 
2.2D.020	Does the Central Bank publish information on revenue generation?	N/A
2.2D.020.j	Does the Central Bank publish information on disaggregated revenue streams?	N/A
2.2D	Quality of reports	N/A
2.2E.020	Does any other government agency or entity publish information on revenue generation?	22 
2.2E.020.j	Does any other government agency or entity publish information on disaggregated revenue streams?	67 
2.2E	Quality of reports	50 
2.2	Public sector balance	56 

2.2A.020 Does the Ministry of Finance publish periodical information on revenue generation?

### 2.2A.020.a: Reserves

Score: A B C **(D)** E

#### References:

Information not published by the Ministry of Finance.



**Peer Review Comments:**

The Ministry of Finance does not publish information on reserves.

**2.2A.020.b: Production volumes**

**Score:** A B C **(D)** E

**References:**

Ministry of Finance does not publish that information.

The information is published in full by the Ministry of Oil and Gas, including daily and annual production. See: [http://mgm.gov.kz/index.php?option=com\\_content&view=category&layout=blog&id=41&Itemid=63&lang=ru](http://mgm.gov.kz/index.php?option=com_content&view=category&layout=blog&id=41&Itemid=63&lang=ru)

The latest data published by the Statistical Agency of Kazakhstan is for 2009, dating back 3 years: [http://www.stat.gov.kz/publishing/documents/Аналитические материалы/2010/отправлено окончат отчет\\_энергетические ресурсы.doc](http://www.stat.gov.kz/publishing/documents/Аналитические материалы/2010/отправлено окончат отчет_энергетические ресурсы.doc)  
Data for 2010 and 2011 production is available from various official sources, but is not systematized by the Statistical Agency yet.

**Peer Review Comments:**

The Ministry of Finance does not publish info on production volumes.

Production volume information is available at the Statistical Agency site, the better source for the most recent data on production volumes in extractive industry (2012 monthly and earlier years): <http://www.stat.kz/digital/poromishlennost/Pages/default.aspx>  
[http://www.stat.kz/publishing/20121/%D0%9F%D0%94\\_2011\\_%D0%B8%D0%BD%D1%82%D0%B5%D1%80%D0%B0%D0%BA%D1%82%D0%B8%D0%B2.pdf](http://www.stat.kz/publishing/20121/%D0%9F%D0%94_2011_%D0%B8%D0%BD%D1%82%D0%B5%D1%80%D0%B0%D0%BA%D1%82%D0%B8%D0%B2.pdf)

**2.2A.020.c: Information on prices**

**Score:** A B C **(D)** E

**References:**

The Committee for Customs Control of the Ministry of Finance publishes quarterly reports on export and import. The latest available report is for Q4 2011: [http://e.customs.kz/wps/portal/customs!/ut/p/b1/pZHdcoIwEIWfxQfoJIAKXBjgyigQjBw4-BPEQSDSPI7-tJe1lGn073bme\\_s2bMLAsBAcAmrOArLmF\\_C9LsPxtuJRDwq6yIkCyzC2YgatmnYEOrjHvCfAcO\\_6ifKtAeIayyXCNqC-E-98Eq\\_AQwOt06i5GZbskU3qdykc6CFzcs9o2Ffam03OXBW1OkaYJdJwgYIhSvuvP4-H9ucFci\\_AUr2\\_dCb7jq3xclclJ8GKPCoipn5SMYw2VSDfCKobXqE4IcVolWKCqbtM65N5xNIqyW7iqoZvru1g8HBrIfPX2hc0oV4s5V30p\\_0iRusmL1B\\_0Owe\\_Yt2n\\_gHgg9Lg3YT7vz23EF8BErB0nh2BU3wCv0flh2YqBHIGK a0ydRbP3pA2GHwB0yibhQ!!/dl4/d5/L0IDU0IKSmdwcGchIS9JRFNBQ0lpTXIDb2tBTUFtaWdZIS80RzNhRDJnanZ5aERVd2chL1o3X0MzR1ZVN0gyMEdMRDIwSTVVSk9NSk8wMMDkwLzAvMTk2NDY3NDM5NTI4/](http://e.customs.kz/wps/portal/customs!/ut/p/b1/pZHdcoIwEIWfxQfoJIAKXBjgyigQjBw4-BPEQSDSPI7-tJe1lGn073bme_s2bMLAsBAcAmrOArLmF_C9LsPxtuJRDwq6yIkCyzC2YgatmnYEOrjHvCfAcO_6ifKtAeIayyXCNqC-E-98Eq_AQwOt06i5GZbskU3qdykc6CFzcs9o2Ffam03OXBW1OkaYJdJwgYIhSvuvP4-H9ucFci_AUr2_dCb7jq3xclclJ8GKPCoipn5SMYw2VSDfCKobXqE4IcVolWKCqbtM65N5xNIqyW7iqoZvru1g8HBrIfPX2hc0oV4s5V30p_0iRusmL1B_0Owe_Yt2n_gHgg9Lg3YT7vz23EF8BErB0nh2BU3wCv0flh2YqBHIGK a0ydRbP3pA2GHwB0yibhQ!!/dl4/d5/L0IDU0IKSmdwcGchIS9JRFNBQ0lpTXIDb2tBTUFtaWdZIS80RzNhRDJnanZ5aERVd2chL1o3X0MzR1ZVN0gyMEdMRDIwSTVVSk9NSk8wMMDkwLzAvMTk2NDY3NDM5NTI4/)

Tables 23 and 30 indicate total value of oil and oil products exported. In addition, table 30 provides some breakdown of oil into several categories. However, it is still aggregate data, published without price context. It is possible to compare total value of oil exports as reported by Customs authorities with total volume exported to find out average quarterly price for oil exported.

**Peer Review Comments:**

The Ministry of Finance does not publish information on prices.

The Statistical Agency publishes the report on Prices in the industry and tariffs in production services (by sectors), 2011

<http://www.stat.kz/publishing/20121/%D0%A6%D0%B5%D0%BD%D1%8B%20%D0%B2%20%D0%BF%D1%80%D0%BE%D0%BC%D1%8B%D1%88%D0%BB%D0%B5%D0%BD%D0%BD%D0%BE%D1%81%D1%82%D0%B8.pdf>

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**2.2A.020.d: Value of resource exports****Score:**  A  B  C  D  E**References:**

Value of resource exports is published quarterly by Customs authorities. under the Ministry of Finance. See previous comment.

**Peer Review Comments:**

Another source to cite the value of resource export is the Statistical Agency "Balances of Resources and their use", 2011,

<http://www.stat.kz/publishing/20111/%D0%91%D0%B0%D0%BB%D0%B0%D0%BD%D1%81%D1%8B%20%D1%80%D0%B5%D1%81%D1%83%D1%80%D1%81%D0%BE%D0%B2.pdf>

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**2.2A.020.e: Estimates of investment in exploration and development****Score:**  A  B  C  D  E**References:**

KazMunaiGaz regularly publishes its investments in exploration and development - past and future projections. See, for example, first 3 quarters of 2011 at:

[http://www.kmg.kz/press/company\\_news/press\\_release/7656?phrase\\_id=102006](http://www.kmg.kz/press/company_news/press_release/7656?phrase_id=102006) (in Russian): 67 bln tenge (462 mln USD), of which 56 bln tenge (385 mln USD) spent on sustaining production and 11 bln tenge (77mln USD) on exploration.

**Peer Review Comments:**

The Ministry which is responsible for investment estimates is the Ministry of Economic Development and Trade.

They publish time to time information on the List of Budget Investment Programs and Consession Programs for 2009

<http://www.minplan.kz/economyabout/262/37433/>

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**2.2A.020.f: Production costs****Score:**  A  B  C  D  E**References:**

KazMunaiGaz publishes aggregated data for production costs in annual reports.

It is identified by FIFO costing method: "The cost of crude oil and oil products shall be their lifting cost, including a corresponding part of expenses on depreciation, depletion and amortization, and overheads based on the average volume of production. The net realizable value of crude and oil products shall be based on the estimated selling price, net of the expenses connected with such a sale."

In the latest available report is for 2010: "Cost price of sold products and rendered services": 1,409,001 / 1,050,463 / 1,199,360 of mln tenge for 2010, 2009, and 2008 respectively (See p. 16 of the report attached).

**Peer Review Comments:**

The Ministry of Finance does not publishe information on production costs

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**2.2A.020.g: Names of companies operating in country****Score:**  A  B  C  D  E

**References:**

The researcher has been unable to locate a comprehensive list of at least major oil and gas companies operating in Kazakhstan. The Ministry of Oil and Gas does not list them. The most reliable source found is the membership page of the Kazakhstan Petroleum Association, which list 21 voting and 21 associated members: <http://www.kpakz.kz/eng/structure/members/>

A lengthier list of oil and gas and companies in other extractive sectors is in Kazakhstan 2011 EITI Report at [http://www.geology.kz/images/stories/rcgi/EITI\\_report2011\\_.pdf](http://www.geology.kz/images/stories/rcgi/EITI_report2011_.pdf) (p. 59 in Russian and p. 93 in English) Report attached.

**Peer Review Comments:**

The Tax Committee under the Ministry of Finance publishes the list of 300 largest taxpayers, amongst which are the largest subsoil users.

<http://www.salyk.kz/ru/taxpayer/jurpersons/Pages/perechen.aspx>

The mentioned list of companies, which signed EITI is also published on the EITI website

[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

**2.2A.020.h: Production data by company and/or block**

**Score:** A B C **(D)** E

**References:**

KazMunaiGas publishes production volume by block, as do some other companies. General data are published by Ministry of Oil and Gas: Oil and Gas Sector Results for 2011:

[http://mgm.gov.kz/index.php?option=com\\_content&view=article&id=1781%3A-2011-&catid=21%3A2011-09-01-12-16-56&Itemid=10&lang=ru](http://mgm.gov.kz/index.php?option=com_content&view=article&id=1781%3A-2011-&catid=21%3A2011-09-01-12-16-56&Itemid=10&lang=ru) (in Russian), but not by fiscal authorities.

**Peer Review Comments:**

The Ministry of Finance does not publish info on production by companies/ blocks

**2.2A.020.i: Cost of subsidies or social investments paid by mineral revenue**

**Score:** A B C **(D)** E

**References:**

Social transfers are recorded in the Federal budget law for every year and in statistics of the Tax authority under the Finance Ministry: [www.salym.kz](http://www.salym.kz) :

Table of distribution of budget earnings between budgetary levels and control cash account of the National fund of the Republic of Kazakhstan (Таблица распределения поступлений бюджета между уровнями бюджетов и контрольным счетом наличности Национального фонда Республики Казахстан):

<http://www.salyk.kz/ru/admintax/Documents/24.06.11%D0%91%D0%92%D0%A3%D0%A1%D0%BF%D1%80%D0%B0%D0%B2%D0%BE%D1%87%D0%BD%D0%B8%D0%BA-14%D0%BB%20%D1%81%20%D1%83%D1%87%20%D0%BD%D0%BE%D0%B2%D1%8B%D1%85%20%D0%9D%D0%9E.xls>

Moreover, the owner of KMG, Fund Samruk-Kazyna subsidizes the company, which is a major source of its revenue, what suggests KMG is underperforming and is overtaxed. See "National Welfare Fund Samruk-Kazyna refinances KMG's Debts in the Amount of 4 billion dollars (Samruk-Kazyna refinansiryet dolgi KMG na summy okolo 4 milliardov dollarov), kazinform and Spy. Kz, February 3, 2012, [http://www.spy.kz/oil\\_and\\_gas/FNB-Samruk-Kazyna-refinansiruet-dolgi-KazMunaiGaza-na-summu-okolo-4-milliardov-dollarov-SShA/](http://www.spy.kz/oil_and_gas/FNB-Samruk-Kazyna-refinansiruet-dolgi-KazMunaiGaza-na-summu-okolo-4-milliardov-dollarov-SShA/)

**Peer Review Comments:**

The Minfin does not publish information on subsidies or social investments.

The informtaion on cost of subsidies or social investments (see the Guide for definition) paid by mineral

revenue (international or national resource companies) is not published by the government, although the biggest companies publish this information on their sites. Civil society requests the government to include information on social investment into the EITI reporting form.

[http://www.eiti.info/page.php?page\\_id=59&lang=1&article\\_id=2](http://www.eiti.info/page.php?page_id=59&lang=1&article_id=2)

2.2A.020.j Does the Ministry of Finance publish information on disaggregated revenue streams?

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### 2.2A.020.j1: Production streams value

Score: (A) B C D E

#### References:

Ministry of Finance (annual) Reports: <http://www.minfin.kz/index.php?uin=1120634759&lang=rus>

#### Peer Review Comments:

The Ministry of Finance publishes the information on National Fund disaggregated by revenue streams (2001-2011)

<http://www.minfin.kz/index.php?uin=1120634837&chapter=1335526912&lang=rus>, however, not all extractive companies payments are included in the National Fund

Another source of information is the EITI report, that includes disaggregation by streams, not companies, although the major extractive companies are covered by the report.

[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf) (the last report was for 2009)

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### 2.2A.020.j2: Government s share in PSC

Score: (A) B C D E

#### References:

Tax Committee of the Ministry of Finance publishes PSC as a separate line in budget revenues. See monthly and annual revenues at: <http://www.salyk.kz/ru/nk/statistika/Pages/post.aspx>  
Value is not recorded. Specific shares can be found in the actual PSC agreements.

#### Peer Review Comments:

The actual share of PSCs (PSAs) is reported in Ministry of Finance's report on National Fund statistics for the last 10 years.

<http://www.minfin.kz/index.php?uin=1120634837&lang=rus>

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### 2.2A.020.j3: Royalties

Score: (A) B C D E

#### References:

Tax Committee of the Ministry of Finance: <http://www.salyk.kz/ru/nk/statistika/Pages/post.aspx>  
Royalties are aggregated as a single revenue stream on monthly basis.

#### Peer Review Comments:

Royalties are also reported in the EITI report:  
2009: [http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

Royalties are renamed in the National Fund report in 2006 to "tax on mineral extraction". The NF reports are given for 2001-2010, examples:

2010: <http://www.minfin.kz/index.php?uin=1120634837&chapter=1335526912&lang=rus>

2009: <http://www.minfin.kz/index.php?uin=1120634837&chapter=1280305828&lang=rus>

2005: <http://www.minfin.kz/index.php?uin=1120634837&lang=rus&chapter=1149852846>

Figures for 2009 in EITI and National Fund are different due to the fact that mineral resource extractive companies are not payees for the National Fund.

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#### **2.2A.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)**

**Score:**  A  B  C  D  E

##### **References:**

Tax Committee of the Ministry of Finance publishes some other disaggregated taxes on a monthly and annual basis: <http://www.salyk.kz/ru/nk/statistika/Pages/post.aspx>

##### **Peer Review Comments:**

The Ministry of Finance publishes the reports on special taxes collected in the National Fund reports (2001-2010)

<http://www.minfin.kz/index.php?uin=1120634759&lang=rus>

Reports on special taxes are published in in the EITI report:

2009: [http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

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#### **2.2A.020.j5: Dividends**

**Score:**  A  B  C  D  E

##### **References:**

Tax Committee, Ministry of Finance: <http://www.salyk.kz/ru/nk/statistika/Pages/post.aspx>

See attached sample file (make sure to look under RK, e.g. for the country as a whole, right tab).

##### **Peer Review Comments:**

The cited report of the Tax Committee provides information on dividends other than from extractive companies.

The best source to cite is the EITI report, where on the page 87 is the article 20. Dividends on government's stake.

[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

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#### **2.2A.020.j6: Bonuses**

**Score:**  A  B  C  D  E

##### **References:**

Yes, see : <http://www.salyk.kz/ru/nk/statistika/Pages/post.aspx>  
and sample report on previous page.

Not on monthly basis.

##### **Peer Review Comments:**

The Tax Committee report does not provide information on bonuses from oil companies (zero revenue), although there is a line on the bonuses from all other companies, what makes this report irrelevant.

<http://www.salyk.kz/ru/nk/statistika/Pages/post.aspx>

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The Ministry of Finance in the National Fund report provides information on bonuses for years 2001-2010

<http://www.minfin.kz/index.php?uin=1120634837&lang=rus>

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### 2.2A.020.j7: License fees

Score:  A  B  C  D  E

**References:**

<http://www.salyk.kz/ru/nk/statistika/Pages/post.aspx>  
Same as previous question.

**Peer Review Comments:**

The cited document refers to the license fees on the specific business activities and does not imply arrangements between company and the government regarding a specific geographical area and petroleum operations, as it was indicated in the Guide for Researchers.

The specific tax similar to a license fee can be the rent tax for export, information published by the Ministry of Finance in the National Fund report annually.

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### 2.2A.020.j8: Acreage fees

Score:  A  B  C  D  E

**References:**

Published by the Ministry of Finance, as contribution to the National Oil Fund,  
<http://www.salyk.kz/ru/nk/statistika/Pages/default.aspx>

**Peer Review Comments:**

The Ministry of Finance does not publish particular information on the land rental charge.

The cited document refers to land tax from all taxpayers, not subsoil users and seems to be irrelevant. The better citation is the EITI report, page 85, 17. Land rental charge  
[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

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### 2.2A.020.j9: Other (Explain in 'comments' box.)

Score:  A  B  C  D  E

**References:**

Information is scattered around government websites. Due to reorganization of ministries and quick pace towards organisation of electronic government in Kazakhstan, some data are duplicated, while other are missing.

As of mid-April 2012, The Kazakhstan EITI report (2011) is probably the most comprehensive and up-to-date document on the subject.

**Peer Review Comments:**

Other payments: vehicle tax, surface water and other indicated in the EITI report are not specific for oil industry.

[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

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## 2.2A Quality of reports

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**2.2A.021: Are periodical reports containing information on revenue generation published by the Ministry of Finance understandable?**Score: A  B C D E**References:**

Reports should be read together with respective laws, decrees, and supplemental academic literature and media as well as compared with reporting by companies such as KazMunaiGas to be understandable.

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**2.2A.022: How often are the periodical reports containing information on revenue generation published by the Ministry of Finance?**Score:  A B C D E**References:**

Monthly, quarterly, annually: <http://www.salyk.kz/ru/admintax/spiski/Pages/default.aspx>

**Peer Review Comments:**

The Ministry of Finance publishes the information on the National Fund monthly  
<http://www.minfin.kz/index.php?uin=1120634837&lang=rus>

The EITI report is published annually  
[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

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**2.2B.020 Does the Ministry of the extractive sector publish information on revenue generation?**

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**2.2B.020.a: Reserves**Score: A B C  D E**References:**

The Ministry of Oil and Gas was formed by the May 20, 2010 government decree:  
[http://mgm.gov.kz/index.php?option=com\\_content&view=category&layout=blog&id=37&Itemid=58&lang=ru](http://mgm.gov.kz/index.php?option=com_content&view=category&layout=blog&id=37&Itemid=58&lang=ru)

While it publishes some information, its statistical reports are small extracts from the Statistics Agency publications (see attached).

**Peer Review Comments:**

Information on reserves is published on the site of the Committee on Geology and Subsoil Use under the Ministry of Industry and New Technologies  
[http://geology.kz/images/stories/rcgi/oilfromkazakhstan\\_2010-4.pdf](http://geology.kz/images/stories/rcgi/oilfromkazakhstan_2010-4.pdf)

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**2.2B.020.b: Production volumes**Score: A  B C D E**References:**

The Oil and Gas Ministry began publishing basic statistics for production for two months in 2012 and a brief sector overview for 2011: [http://mgm.gov.kz/index.php?option=com\\_content&view=category&layout=blog&id=41&Itemid=63&lang=ru](http://mgm.gov.kz/index.php?option=com_content&view=category&layout=blog&id=41&Itemid=63&lang=ru)

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**2.2B.020.c: Information on prices**

**Score:** A B C  D E

**References:**

Ministry of Oil and Gas, <http://mgm.gov.kz>

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**2.2B.020.d: Value of resource exports**

**Score:** A B C  D E

**References:**

This information is published by the ministry of Finance (Tax Committee), National Bank, and Statistical Agency, as well as companies in the sector.

Ministry of Oil and Gas is yet to start publishing these data.

**Peer Review Comments:**

The Ministry of Oil and Gas does not publish value of resource export data.

---

**2.2B.020.e: Estimates of investment in exploration and development**

**Score:** A B C  D E

**References:**

Only companies such as KazMunaiGas and media websites publish this.

**Peer Review Comments:**

MOG does not publish estimate on exploration investments.

---

**2.2B.020.f: Production costs**

**Score:** A B C  D E

**References:**

Published only by companies themselves, and only in aggregated numbers, e.g. we can only estimate lifting cost per barrel of oil for the country.

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**2.2B.020.g: Names of companies operating in country**

**Score:** A B C  D E

**References:**

No government agency publishes a full list publicly accessible. EITI 2011 report has the most inclusive list.

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**2.2B.020.h: Production data by company and/or block**

**Score:** A B C  D E

**References:**

This information is only available on company websites, e.g. KazMunaiGas.



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**2.2B.020.i: Cost of subsidies or social investments paid by mineral revenue**

**Score:** A B C **(D)** E

**References:**

Information published in the Budget, and by the Ministry of Finance (Tax Committee).

**Peer Review Comments:**

Information is not published in the Ministry of Finance either. MOG itself does not publish information on subsidies and social investments.

2.2B.020.j Does the Ministry of the extractive sector publish information on disaggregated revenue streams?

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**2.2B.020.j1: Production streams value**

**Score:** A B C **(D)** E

**References:**

Revenue stream is partially disaggregated in the budget and official statistical reports.

**Peer Review Comments:**

MOG does not publish info on production stream value.  
Even the link to the EITI site at the site of the Ministry of Oil and Gas is wrong.

---

**2.2B.020.j2: Government s share in PSC**

**Score:** A B C **(D)** E

**References:**

Information is not systematized by the government for public use. One needs to look up shares project by project on company websites. For example, the Tengiz project has several stakeholders with KazMunaiGas holding only 20 percent in the company TOO SP "TengizChevroil".

**Peer Review Comments:**

MOG does not publish info on the government's share of PSCs.

---

**2.2B.020.j3: Royalties**

**Score:** A B C **(D)** E

**References:**

Published by the Ministry of Finance. Royalties and other types of payments itemised by month:  
<http://www.salyk.kz/ru/nk/statistika/Pages/2011g.aspx>

**Peer Review Comments:**

MOG does not publish info on royalties.

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**2.2B.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on**

**extractive companies)****Score:** A B C **(D)** E**References:**

See statistics adn previous page attachment: <http://www.salyk.kz/ru/nk/statistika/Pages/2011g.aspx>  
There are several 'other/special' taxes, including various penalties, additional fees, damage compensations.

**Peer Review Comments:**

MOG does not publish info on special taxes.

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**2.2B.020.j5: Dividends****Score:** A B C **(D)** E**References:**

Dividends are not specified by the Ministry of Oil but are published by the MoF.

**Peer Review Comments:**

MOG does not publish info on dividends.

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**2.2B.020.j6: Bonuses****Score:** A B C **(D)** E**References:**

Published by the Ministry of Finance, itemised: <http://www.salyk.kz/ru/nk/statistika/Pages/2011g.aspx>

**Peer Review Comments:**

MOG does not publish info on bonuses.

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**2.2B.020.j7: License fees****Score:** A B C **(D)** E**References:**

Listed in Federal budgets as an independent source of revenue. It takes time to track down specific amounts of license fees, but it can technically be done by browsing through news updates on the Ministry website.

See: Oil and Gas Sector Results for 2011, Ministry of Oil and Gas: [http://mgm.gov.kz/index.php?option=com\\_content&view=article&id=1781%3A-2011-&catid=21%3A2011-09-01-12-16-56&Itemid=10&lang=ru](http://mgm.gov.kz/index.php?option=com_content&view=article&id=1781%3A-2011-&catid=21%3A2011-09-01-12-16-56&Itemid=10&lang=ru)

**Peer Review Comments:**

MOG does not publish info on licenses fees. The cited source is related to the licences for the type of business, which are issued by the Ministry of Industry and New technologies to all companies that are qualified to work in the oil field. The Ministry of Oil and Gas is a government body which is to conduct tenders for specific oil fields and make a contract for such field (page 4 of the Guide for researchers).

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**2.2B.020.j8: Acreage fees**

**Score:** A B C  D E

**References:**

Itemised in section 'Other fees' of the International Reserves and Assets of the National Oil Fund of Republic of Kazakhstan, in mln of dollars, for the duration of Fund's existence, broken down by types of assets, months, until month preceding current month: <http://www.nationalbank.kz/?docid=180&switch=eng>

**Peer Review Comments:**

MOG does not publish info on acreage fees.

**2.2B.020.j9: Other (Explain in 'comments' box.)**

**Score:** A B C D  E

**References:**

We should expect more information to be published on the Ministry of Oil and Gas Website as well as on the website of the Ministry of Industry and New Technologies.

In addition there are the following taxes within severance tax: charges on compensation of historic expenses, subscription bonus (basically the same as license fee), commercial discovery bonus, and several others. Severance tax is calculated by annual production volume (5 percent for up to 250 000 tons of oil, 10 for up to 500 000 ,and so on). A similar scheme exists for natural gas.

Source: Doing Business in the Republic of Kazakhstan, a brochure published by the Ministry of Industry and New Technologies and National Export and Investment Agency "Kaznex Invest." Astana, 2012, pp. 59-63. Online at <http://invest.gov.kz/upload/docs/en/fe7b5ae9e350a23a97174ac289889332.pdf>

2.2B Quality of reports

**2.2B.021: Are periodical reports containing information on revenue generation published by the Ministry of the extractive sector understandable?**

**Score:** A B C  D E

**References:**

The ministry of oil does not publish reports.

**2.2B.022: How often are the periodical reports containing information on revenue generation published by the Ministry of the extractive sector?**

**Score:** A B C  D E

**References:**

Not published.

2.2C.020 Does a Regulatory Agency publish information on revenue generation?

**2.2C.020.a: Reserves**

**Score:** A B **C** D E

**References:**

According to Law of the Republic of Kazakhstan 'On Subsoil Resources and Resources Use' (Zakon Respubliki Kazakhstan "O nedrah i nedropol'zovanii"), N 291-IV June 24, 2010, <http://www.pavlodar.com/zakon/?dok=02510&ogl=all> , Chapter 2, Articles 16-27, and with the Statute on Ministry of Oil and Gas of the Republic of Kazakhstan, Approved by Government Decree N 454 on May 20, 2010, the latter Ministry acts as the main regulatory agency for oil and gas. As we know from the previous section, it doesn't publish any information besides some basic statistics and brief annual summaries.

Another agency in charge, Environmental Protection Ministry, [http://www.eco.gov.kz/moos/index.php?option=com\\_content&view=article&id=295&Itemid=90&lang=ru](http://www.eco.gov.kz/moos/index.php?option=com_content&view=article&id=295&Itemid=90&lang=ru) , also publishes only a few basic statistics. It has only this year begun to publish monthly production and published its first (several-page long) overview of the oil and gas performance in 2011 and projects for 2012.

Government commissions that are set up to review laws, licenses, and other issues relevant to state oil and gas management do not publish detailed information either.

**Peer Review Comments:**

The most appropriate regulatory agency is the Ministry of Industry and New Technologies (MINT), which has particular function to regulate subsoil use in the country. Unfortunately the MINT does not publish data on reserves itself:

<http://www.mint.gov.kz/index.php?id=86>

however, there is information on reserves on the site of the Committee on Geology and Subsoil Use which works under the MINT.

[http://geology.kz/images/stories/rcgi/oilfromkazakhstan\\_2010-4.pdf](http://geology.kz/images/stories/rcgi/oilfromkazakhstan_2010-4.pdf)

**2.2C.020.b: Production volumes**

**Score:** A B C **D** E

**Comments:**

Assessed before for the Ministry of Oil and Gas.

**References:**

The Oil and Gas Ministry began publishing basic statistics for production for two months in 2012 and a brief sector overview for 2011: [http://mgm.gov.kz/index.php?option=com\\_content&view=category&layout=blog&id=41&Itemid=63&lang=ru](http://mgm.gov.kz/index.php?option=com_content&view=category&layout=blog&id=41&Itemid=63&lang=ru)

**Peer Review Comments:**

The regulatory body (Ministry of Industry and New Technologies) does not publish info on production volumes.

Production volume information is available at the Statistical Agency site (assessed in section 2.E 'other agency', the better source for the most recent data on production volumes in extractive industry (2012 monthly and earlier years):

<http://www.stat.kz/digital/poromishlennost/Pages/default.aspx>

[http://www.stat.kz/publishing/20121/%D0%9F%D0%94\\_2011\\_%D0%B8%D0%BD%D1%82%D0%B5%](http://www.stat.kz/publishing/20121/%D0%9F%D0%94_2011_%D0%B8%D0%BD%D1%82%D0%B5%)

**2.2C.020.c: Information on prices**

**Score:** A B C **D** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

**Peer Review Comments:**

The Ministry of Industry and New Technologies does not publish information on prices.

The Statistical Agency publishes the report on Prices in the industry and tariffs in production services (by sectors), 2011  
<http://www.stat.kz/publishing/20121/%D0%A6%D0%B5%D0%BD%D1%8B%20%D0%B2%20%D0%BF%>

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**2.2C.020.d: Value of resource exports**

**Score:** A B C  D E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

**Peer Review Comments:**

Information not published by the MINT but by the Statistical Agency "Balances of Resources and their use", 2011,  
<http://www.stat.kz/publishing/20111/%D0%91%D0%B0%D0%BB%D0%B0%D0%BD%D1%81%D1%8B%>

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**2.2C.020.e: Estimates of investment in exploration and development**

**Score:** A B C  D E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>  
Limited outlook on major investment projects published.

**Peer Review Comments:**

The Ministry which is responsible for investment estimates is the Ministry of Economic Development and Trade.  
They publish time to time information on the List of Budget Investment Programs and Concession Programs for 2009  
<http://www.minplan.kz/economyabout/262/37433/>

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**2.2C.020.f: Production costs**

**Score:** A B C  D E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>  
Information is only published by companies themselves.

**Peer Review Comments:**

None of the government bodies publishes information on production costs.

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**2.2C.020.g: Names of companies operating in country**

**Score:** A B C **(D)** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>  
No official entity in Kazakhstan publishes this information.

**Peer Review Comments:**

No complete list on extractive companies is published by the MINT.

The Tax Committee under the Ministry of Finance publishes the list of 300 largest taxpayers, amongst which are the largest subsoil users.

<http://www.salyk.kz/ru/taxpayer/jurpersons/Pages/perechen.aspx>

The mentioned list of companies, which signed EITI is published at the site  
[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

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**2.2C.020.h: Production data by company and/or block**

**Score:** A B C **(D)** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

Only companies publish this information. sometimes it is incorporated in production-sharing or license agreement.

**Peer Review Comments:**

Information is not published,

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**2.2C.020.i: Cost of subsidies or social investments paid by mineral revenue**

**Score:** A B C **(D)** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

It is published by the Ministry of Finance.

**Peer Review Comments:**

Information is not published.

The information on cost of subsidies or social investments paid by mineral revenue (international or national resource companies) is not published by the government, although the biggest companies publish this information on their sites. Civil society requests the government to include information on social investment into the EITI reporting form.

[http://www.eiti.info/page.php?page\\_id=59&lang=1&article\\_id=2](http://www.eiti.info/page.php?page_id=59&lang=1&article_id=2)

2.2C.020.j Does a Regulatory Agency publish information on disaggregated revenue streams?

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**2.2C.020.j1: Production streams value**

**Score:** A B C **(D)** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

Published by the Ministry of Finance

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### 2.2C.020.j2: Government s share in PSC

Score: A B C **(D)** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

This information is specified in PSCs themselves.

**Peer Review Comments:**

The actual share of PSCs (PSAs) is reported in the Ministry of Finance's reports on National Fund statistics for the last 10 years.

<http://www.minfin.kz/index.php?uin=1120634837&lang=rus>

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### 2.2C.020.j3: Royalties

Score: A B C **(D)** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

Ministry of Finance publishes this.

**Peer Review Comments:**

The actual share of PSCs (PSAs) is reported in Ministry of Finance's report on National Fund statistics for the last 10 years.

<http://www.minfin.kz/index.php?uin=1120634837&lang=rus>

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### 2.2C.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C **(D)** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

This is published in the Federal Budget and in reports on National Fund.

---

### 2.2C.020.j5: Dividends

Score: A B C **(D)** E

**References:**

Ministry of Oil doesn't publish this information yet. However, its website is only been functioning for less than a year.

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

The researcher has been unable to locate information on dividends, unless it is in 'other' category of the National Fund statistics, which is unclear, not specified in On Concept of Accumulation and Spending of

Assets of the National Fund of the Republic of Kazakhstan (О контseptсии formirovaniya i ispol'zovaniya sredstv Natsional'nogo fonda Respubliki Kazakhstan), Order of the President of Kazakhstan N 962, April 2, 2010, [http://www.minfin.gov.kz/irj/go/km/docs/documents/МинФин/Импорт/Русский\\_язык/Главное\\_меню/Законодательство\\_и\\_нормативные\\_акты\\_в\\_области\\_финансов/Законодательство\\_по\\_Национальному\\_фонду\\_Республики\\_Казахстан/Законодательные\\_акты\\_Республики\\_Казахстан/1305088571.html](http://www.minfin.gov.kz/irj/go/km/docs/documents/МинФин/Импорт/Русский_язык/Главное_меню/Законодательство_и_нормативные_акты_в_области_финансов/Законодательство_по_Национальному_фонду_Республики_Казахстан/Законодательные_акты_Республики_Казахстан/1305088571.html)

**Peer Review Comments:**

Information on dividends is not published.

---

**2.2C.020.j6: Bonuses**

Score: A B C **(D)** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

Published in reports on the national Fund by the Ministry of Finance, Tax Committee.

**Peer Review Comments:**

The Tax Committee report does not provide information on bonuses from oil companies (zero revenue), although there is a line on the bonuses from all other companies, what makes this report irrelevant. <http://www.salyk.kz/ru/nk/statistika/Pages/post.aspx>

The Ministry of Finance in the National Fund report provides information on bonuses for years 2001-2010

<http://www.minfin.kz/index.php?uin=1120634837&lang=rus>

---

**2.2C.020.j7: License fees**

Score: A B C **(D)** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

Published as single item in budget, National Fund reports.

**Peer Review Comments:**

Published only by the Ministry of Finance, not other regulatory agency.

---

**2.2C.020.j8: Acreage fees**

Score: A B C **(D)** E

**References:**

Ministry of Oil and Gas of the Republic of Kazakhstan website: <http://mgm.gov.kz>

May be included in 'other' section of National Fund reports.

**Peer Review Comments:**

The regulatory agency does not publish info on land rental charge.

The EITI report, page 85, 17. Land rental charge



[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

### 2.2C.020.j9: Other (Explain in 'comments' box.)

Score: A B C D  E

**References:**

The Ministry has a lot of work to do to improve its reporting. Its website is underdeveloped. Given the significance of the Oil and Gas Ministry, it should provide much more information than it does today.

**Peer Review Comments:**

Other payments: vehicle tax, surface water and other indicated in the EITI report are not specific for oil industry.

[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

## 2.2C Quality of reports

---

### 2.2C.021: Are periodical reports containing information on revenue generation published by the Regulatory Agency understandable?

Score: A B  C D E

**References:**

Most publications by MINT present items and figures without proper narrative explanations and references.

### 2.2C.022: How often are the periodical reports containing information on revenue generation published by the Regulatory Agency?

Score: A B  C D E

**References:**

Reports published annually.

## 2.2D.020 Does the Central Bank publish information on revenue generation?

---

### 2.2D.020.a: Reserves

Score: A B C D  E

**References:**

National Bank of the Republic of Kazakhstan reports International Reserves and Assets of the National Oil Fund of Republic of Kazakhstan, in mln of dollars, for the duration of Fund's existence, broken down by types of assets, months, until month preceding current month: <http://www.nationalbank.kz/?docid=180&switch=eng>

**Peer Review Comments:**

As it is written in the Guide for researchers, page 15, the reserves refers to the quantity of oil, gas or minerals. The cited document of the National Banks is irrelevant.

---

**2.2D.020.b: Production volumes**

**Score:** A B C D **(E)**

**References:**

<http://www.nationalbank.kz>

Oil and Gas Sector Results for 2011 (only), Ministry of Oil and Gas: [http://mgm.gov.kz/index.php?option=com\\_content&view=article&id=1781%3A-2011-&catid=21%3A2011-09-01-12-16-56&Itemid=10&lang=ru](http://mgm.gov.kz/index.php?option=com_content&view=article&id=1781%3A-2011-&catid=21%3A2011-09-01-12-16-56&Itemid=10&lang=ru)

Production volumes are available from Statistical Agency, Tax Committee.

**Peer Review Comments:**

The information published by the National Bank is not related specifically to the extractive sector, although documents on financial assets and reserves is present and explained. This section is therefore scored as not applicable.

---

**2.2D.020.c: Information on prices**

**Score:** A B C D **(E)**

**References:**

Oil price is only referenced in macroeconomic scenarios (low, medium, high). see for example: <http://www.nationalbank.kz/document/?docid=3934&switch=eng>

---

**2.2D.020.d: Value of resource exports**

**Score:** A B C D **(E)**

**References:**

Macroeconomic reviews by month, quarter, year.: <http://www.nationalbank.kz/index.cfm>

**Peer Review Comments:**

Information is not published

---

**2.2D.020.e: Estimates of investment in exploration and development**

**Score:** A B C D **(E)**

**References:**

<http://www.nationalbank.kz/index.cfm>

**Peer Review Comments:**

Information is not published by the National Bank

---

**2.2D.020.f: Production costs**

**Score:** A B C D **(E)**

**References:**

Information published by companies themselves only. See, for example, KazMunaiGas 2010 report on [www.kmg.kz](http://www.kmg.kz)

**Peer Review Comments:**

Information is not published by the National Bank

---

**2.2D.020.g: Names of companies operating in country**

Score: A B C D **(E)**

**References:**

Unable to locate a single compilation of operating companies in official sources.

**Peer Review Comments:**

irrelevant to the National Bank

---

**2.2D.020.h: Production data by company and/or block**

Score: A B C D **(E)**

**References:**

This information is only published by producers.

**Peer Review Comments:**

Irrelevant to the National Bank

---

**2.2D.020.i: Cost of subsidies or social investments paid by mineral revenue**

Score: A B C D **(E)**

**References:**

Not in the central bank mandate.

2.2D.020.j Does the Central Bank publish information on disaggregated revenue streams?

---

**2.2D.020.j1: Production streams value**

Score: A B C D **(E)**

**References:**

Published by the Ministry of Finance and by companies.

---

**2.2D.020.j2: Government s share in PSC**

Score: A B C D **(E)**

**References:**

this information is not publicly available aggregated, only on company/project basis.

**Peer Review Comments:**

Published by the Ministry of Finance in the National Fund report.

---

**2.2D.020.j3: Royalties**

**Score:** A B C D  E

**References:**

<http://www.nationalbank.kz/index.cfm>

Published by Tax Committee

**Peer Review Comments:**

Published by the Ministry of Finance, not the National Bank.

---

**2.2D.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)**

**Score:** A B C D  E

**References:**

<http://www.nationalbank.kz/index.cfm?docid=158>

**Peer Review Comments:**

Published by the Ministry of Finance, not the National Bank

---

**2.2D.020.j5: Dividends**

**Score:** A B C D  E

**References:**

<http://www.nationalbank.kz/index.cfm?docid=158>

**Peer Review Comments:**

The National Bank does not publish information on dividends of extractive companies.

---

**2.2D.020.j6: Bonuses**

**Score:** A B C D  E

**References:**

<http://www.nationalbank.kz/index.cfm?docid=158>

This is published by the Ministry of Finance

---

**2.2D.020.j7: License fees**

**Score:** A B C D  E

**References:**

<http://www.nationalbank.kz/index.cfm?docid=158>

Published by the Ministry of Finance, as contribution to the National Oil Fund,  
<http://www.salyk.kz/ru/nk/statistika/Pages/default.aspx>

---

### 2.2D.020.j8: Acreage fees

Score: A B C D  E

**References:**

<http://www.nationalbank.kz/index.cfm?docid=158>

Published by the Ministry of Finance, as contribution to the National Oil Fund,  
<http://www.salyk.kz/ru/nk/statistika/Pages/default.aspx>

---

### 2.2D.020.j9: Other (Explain in 'comments' box.)

Score: A B C D  E

**References:**

See, for example, Statistical Monthly Bulletin: <http://www.nationalbank.kz/index.cfm?docid=158>  
and Data Dissemination Standards: <http://www.nationalbank.kz/index.cfm?docid=52>

## 2.2D Quality of reports

---

### 2.2D.021: Are periodical reports containing information on revenue generation published by the Central Bank understandable?

Score: A B C D  E

**References:**

<http://www.nationalbank.kz/index.cfm?docid=158>

National bank publish a lot of data, including volume and assets of the National Oil fund:  
<http://www.nationalbank.kz/index.cfm?docid=180>

Data Dissemination Standards are clearly spelled out: <http://www.nationalbank.kz/index.cfm?docid=52>

**Peer Review Comments:**

All information of the National Bank is not related specifically to the extractive sector, although documents on financial assets and reserves is present and explained.

---

### 2.2D.022: How often are the periodical reports containing information on revenue generation published by the Central Bank?

Score: A B C D  E

**References:**

Reports are published on a monthly basis: <http://www.nationalbank.kz/index.cfm?docid=158>

**Peer Review Comments:**

Information is not related to the extractive sector.

## 2.2E.020 Does any other government agency or entity publish information on revenue generation?

---

### 2.2E.020.a: Reserves

Score: A B C **(D)** E

**Comments:**

This section assess what is published in the EITI reports. Kazakhstan has published five EITI reports, the last one in May 2011, covering information for 2009.

**References:**

EITI website: [http://www.geology.kz/images/stories/rcgi/EITI\\_report2011\\_.pdf](http://www.geology.kz/images/stories/rcgi/EITI_report2011_.pdf)

**Peer Review Comments:**

EITI report contains only data on tax and other payments. More detailed information on reserves includes the report published on the site of Committee of geology and resource exploitation [http://www.geology.kz/images/stories/rcgi/oilfromkazakhstan\\_2010-4.pdf](http://www.geology.kz/images/stories/rcgi/oilfromkazakhstan_2010-4.pdf)

---

### 2.2E.020.b: Production volumes

Score: **(A)** B C D E

**References:**

See EITI report for 2010: [http://www.geology.kz/images/stories/rcgi/EITI\\_report2011\\_.pdf](http://www.geology.kz/images/stories/rcgi/EITI_report2011_.pdf)

Also companies, such as KazMunaiGas. See annual report for 2010 at [www.kmg.kz](http://www.kmg.kz) and <http://www.kmgep.kz>

**Peer Review Comments:**

Production volume information is available at the Statistical Agency site, the best source for the most recent data on production volumes in extractive industry (2012 monthly and earlier years): <http://www.stat.kz/digital/poromishlennost/Pages/default.aspx>  
[http://www.stat.kz/publishing/20121/%D0%9F%D0%94\\_2011\\_%D0%B8%D0%BD%D1%82%D0%B5%D1%](http://www.stat.kz/publishing/20121/%D0%9F%D0%94_2011_%D0%B8%D0%BD%D1%82%D0%B5%D1%)

---

### 2.2E.020.c: Information on prices

Score: A B **(C)** D E

**References:**

Prices are mentioned in context of analysis of the previous (reporting) year and projections for subsequent year or two.

**Peer Review Comments:**

The Statistical Agency publishes the report on Prices in the industry and tariffs in production services (by sectors), 2011 <http://www.stat.kz/publishing/20121/%D0%A6%D0%B5%D0%BD%D1%8B%20%D0%B2%20%>

---

### 2.2E.020.d: Value of resource exports

**Score:** A B C **(D)** E

**References:**

Information not published in the EITI report.

The Statistical Agency provides foreign trade data:  
[http://www.stat.kz/digital/vnesh\\_torg/Pages/default.aspx](http://www.stat.kz/digital/vnesh_torg/Pages/default.aspx)

**Peer Review Comments:**

Another source to cite the value of resource export is the Statistical Agency "Balances of Resources and their use", 2011,  
<http://www.stat.kz/publishing/20111/%D0%91%D0%B0%D0%BB%D0%B0%D0%BD%D1%81%D1%8B%2>

### 2.2E.020.e: Estimates of investment in exploration and development

**Score:** A B C **(D)** E

**References:**

Information not published in EITI reports.

For info on state oil company KazMunaiGas, see KMG 2010 report and KMG E&P report at <http://www.kmgep.kz/> and section on state-owned companies in this report.

**Peer Review Comments:**

The Ministry which is responsible for investment estimates is the Ministry of Economic Development and Trade.  
They publish time to time information on the List of Budget Investment Programs and Concession Programs for 2009  
<http://www.minplan.kz/economyabout/262/37433/>

### 2.2E.020.f: Production costs

**Score:** A B C **(D)** E

**References:**

Information not published in EITI reports.

For KazMunaiGas, its subsidiaries, and Samruk-Kazyna see related section.

### 2.2E.020.g: Names of companies operating in country

**Score:** A **(B)** C D E

**References:**

EITI 2011 Report on Kazakhstan at <http://eiti.org/Kazakhstan> .

(I have been unable to find a single comprehensive list of companies. Also see Kazakhstan Petroleum Association 42 members at <http://www.kpakz.kz/eng/structure/members>)

**Peer Review Comments:**

The mentioned list of companies, which signed EITI, is published at the site [http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

**2.2E.020.h: Production data by company and/or block****Score:** A B C **(D)** E**References:**

Information only available on EITI reports.  
It is not systematized by the government for public use.

---

**2.2E.020.i: Cost of subsidies or social investments paid by mineral revenue****Score:** A B C **(D)** E**References:**

No published.

**Peer Review Comments:**

Subsidies and social investments are not published.

2.2E.020.j Does any other government agency or entity publish information on disaggregated revenue streams?

---

**2.2E.020.j1: Production streams value****Score:** A **(B)** C D E**References:**

EITI report 2011 covering data for 2009.

**Peer Review Comments:**

In addition to the Ministry of Finance report on National Fund the source of information is EITI report, that includes disaggregation by streams, not companies, although the major extractive companies are covered by the report.

[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf) (the last report was for 2009)

---

**2.2E.020.j2: Government s share in PSC****Score:** A **(B)** C D E**References:**

EITI report 2011 with data for 2009. <http://eiti.org/report/kazakhstan/2009>

**Peer Review Comments:**

Apart from the Ministry of Finance no other governmental agency publishes information on the share in PSC.

---

**2.2E.020.j3: Royalties****Score:** A **(B)** C D E



**References:**

EITI report 2011 provides info for 2009 on royalties: <http://eiti.org/report/kazakhstan/2009>  
See also Tax Committee of the Ministry of Finance:  
<http://www.salyk.kz/ru/nk/statistika/Pages/2011g.aspx>

**Peer Review Comments:**

In addition to the Minfin report on National Fund

Royalty is reported in the EITI report:  
2009: [http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

**2.2E.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)**

Score: A  B C D E

**References:**

Reports on special taxes are published in the EITI report: Special taxes include excess profit tax, supplementary payments, social tax, etc.  
2009: [http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

**2.2E.020.j5: Dividends**

Score: A  B C D E

**References:**

Reports on dividends are published in the EITI report:  
2009: [http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

**2.2E.020.j6: Bonuses**

Score: A  B C D E

**References:**

EITI report 2011 publishes data for bonuses in 2009.

**Peer Review Comments:**

Apart from the Ministry of Finance, the information on bonuses is in EITI report.  
2009: [http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

**2.2E.020.j7: License fees**

Score: A  B C D E

**References:**

EITI report publishes a list of 25 different types of income. License fees are not identified as such, but some charges to use resources such as forests and water could be interpreted as license fees.

**Peer Review Comments:**

Some streams can fall into this category.  
[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

**2.2E.020.j8: Acreage fees**Score: A  B C D E**References:**

EITI report published in 2011, data for 2009, rental and land tax.

**Peer Review Comments:**

[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

**2.2E.020.j9: Other (Explain in 'comments' box.)**Score: A B C D  E**References:**

EITI report 2011 publishes a list of 25 different taxes and income, including personal income tax, corporate tax, etc.

**Peer Review Comments:**

Other payments: vehicle tax, surface water and other indicated in the EITI report are not specific for oil industry.

[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

## 2.2E Quality of reports

**2.2E.021: Are periodical reports containing information on revenue generation published by any other government agency or entity understandable?**Score: A  B C D E**References:**

Also see latest (2011) EITI reports on Kazakhstan: <http://eiti.org/Kazakhstan>

**Peer Review Comments:**

The EITI report presents some explanations.  
[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

**2.2E.022: How often are the periodical reports containing information on revenue generation published by the any other governmental agency or entity?**Score: A B  C D E**References:**

[http://eiti.org/files/EITI\\_report2011\\_eng.pdf](http://eiti.org/files/EITI_report2011_eng.pdf)

---

## 2.2 Public sector balance

**2.2.023: Does the government include the SOC financial balance (its assets and liabilities) within the public sector balance or overall balance of general government in reports to the legislature?**

**Score:** A B C **(D)** E

**References:**

KazMunaiGas (KMG) is the biggest state-owned oil and gas company.

**Peer Review Comments:**

In the budget reports of the Government to the Parliament there is no specific line for the SOC (Kazmunaigas).

<http://www.minfin.kz/index.php?uin=1296019314&lang=rus>

---

**2.2.024: Does the government include projections of transactions, accounts of actual spending by the natural resource funds, and their assets and liabilities, within the public sector balance or overall balance of general government in reports to the legislature?**

**Score:** A **(B)** C D E

**References:**

<http://www.minfin.kz/index.php?uin=1284369453&lang=rus>

**Peer Review Comments:**

There are specific projections on the National Fund revenue and spendings in the budget.

<http://www.minfin.kz/index.php?uin=1284369453&lang=rus>

---

**2.2.025: Does the government provide information on the non resource fiscal balance in its budget proposal?**

**Score:** **(A)** B C

**References:**

Information on basic parameters of the republican budget for 2011-2013, Ministry of Finance,

<http://www.minfin.kz/index.php?uin=1300169863&lang=rus>


There is also a proposed 2012-2014 budget.

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# Kazakhstan - RWI Index Questionnaire

## Legal Framework and Practices

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2.3 Legal Framework and Practices	86 

### 2.3 Legal Framework and Practices

#### 2.3.026: In the legal framework, what government agencies have authority to collect taxes and payments from resource companies?

Score:  A  B  C  D  E

##### References:

Statute On Tax Committee of Kazakhstan, 204, By Order of the Minister of Finance, April 21, 2008  
<http://www.salyk.kz/ru/nk/Documents/%D0%BF%D0%BE%D0%BB%D0%BE%D0%B6%D0%B5%D0%BD%D0%B8%D0%B5%20%D0%9D%D0%9A/%D0%9F%D0%BE%D0%BB%D0%BE%D0%B6%D0%B5%D0%BD%D0%B8%D0%B5%20%D0%9D%D0%9A%2012.04.2011%D0%B3.pdf> - Tax Committee only collects some local taxes from resource companies.

The bulk of the taxes from the oil and gas sector is accumulated directly in the National Fund of the Republic of Kazakhstan after collection by the Tax Committee, in accordance with article 4 of the law On Concept of Accumulation and Spending of Assets of the National Fund of the Republic of Kazakhstan (O kontseptsii formirovaniya i ispol'zovaniya sredstv Natsional'nogo fonda Respubliki Kazakhstan), Order of the President of Kazakhstan N 962, April 2, 2010, [http://www.minfin.gov.kz/irj/go/km/docs/documents/МинФин/Импорт/Русский язык/Главное меню/Законодательство и нормативные акты в области финансов/Законодательство по Национальному фонду Республики Казахстан/Законодательные акты Республики Казахстан/1305088571.html](http://www.minfin.gov.kz/irj/go/km/docs/documents/МинФин/Импорт/Русский%20язык/Главное%20меню/Законодательство%20и%20нормативные%20акты%20в%20области%20финансов/Законодательство%20по%20Национальному%20фонду%20Республики%20Казахстан/Законодательные%20акты%20Республики%20Казахстан/1305088571.html)

The Fund collects: direct taxes from the oil sector except local taxes, incl. income, extraction, superprofit, export tax and bonuses as well as PSC; it also collects fees and fines from oil companies, income from privatisation of state mineral-related assets, investment income from Fund's governance, as well as some other payments.

##### Peer Review Comments:

The collection of all taxes is done by the Tax Committee (Ministry of Finance). However, all collected taxes from all oil and some other extractive companies automatically go to the National Fund.

#### 2.3.027: Are all resource related revenues, including those collected by state owned companies, regulatory agencies, ministries, special funds or by the tax authority placed in the national treasury?

Score:  A  B  C  D  E

##### References:

Everything is reported to the Tax Committee of the Ministry of Finance and the National Bank, who both publish relevant monthly reports.

**Peer Review Comments:**

Some social investments from the extractive companies are collected at the local level by local authorities.

---

**2.3.028: Are government officials with a role in the oversight of the oil, gas or mining sector required to disclose information about their financial interest in any extractive activity or projects?**

Score:  A  B  C

**References:**

There exist anti-corruption programs in most ministries, including the new Ministry of Oil and Gas: [http://mgm.gov.kz/index.php?option=com\\_content&view=category&layout=blog&id=67&Itemid=93&lang=ru](http://mgm.gov.kz/index.php?option=com_content&view=category&layout=blog&id=67&Itemid=93&lang=ru) it incorporates national legislation, such as the Anti-corruption Law of Kazakhstan, 1998 and ministerial instructions. Anti-corruption initiatives are co-managed by Kazakhstan's ruling political party Nur-Otan.

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**2.3.029: Is there independent external validation of internal controls of agencies in charge of receiving payments from resource companies with the objective of providing assurances of integrity of public funds and sound financial management?**

Score:  A  B  C  D  E

**References:**

There is general understanding that law enforcement bodies would cooperate with the Tax Committee on cases of corruption (see Order of Tax Committee, No.689 On some issues of corruption control in tax agencies of of the Republic of Kazakhstan, September 26, 2007 attached)

There exists an Accounting Committee (Schyotnyi komitet) of Kazakhstan and Ministry of Finance controls, but they usually focus on budget execution rather than tax collection. See, for example, "Accounting Committee Uncovers 10 billion tenge worth of irregularities in 2011" (Schyotnyi komitet nashel narusheniya na 10 milliardov tenge), February 22, 2012, <http://news.nur.kz/209948.html>

**Peer Review Comments:**

There is General Auditor in Kazakhstan: Accounting Committee, which has an authority to control National companies  
<http://www.esep.kz/first2.php?lang=rus>

---

**2.3.030: Does the national audit office (or similar independent organization) report regularly to the legislature on its findings, including an objective analysis of agencies in charge of managing resource revenues, and are these reports published?**

Score:  A  B  C  D  E

**References:**

Accounting Committee (Schyotnyi komitet) of the Republic of Kazakhstan claims many functions of oversight and analysis, but its primary purpose it to review the national budget of Kazakhstan: <http://www.esep.kz/first2.php?lang=rus&mid=49>

**Peer Review Comments:**

The Accounting Committee report to legislature and publishes its report every year. All reports can be found on the link:  
<http://www.esep.kz/first2.php?lang=rus&mid=50>

---

**2.3.031: Does a Parliamentary committee scrutinize reports on resource related revenues and, if so, when does this occur?**Score:  A  B  C  D  E**References:**

Audits are regularly submitted to the Parliament (see <http://www.esep.kz/first2.php?lang=rus&mid=49>), but there is no legislation or procedure regulating it. Most audits are either done at level of KazMunaiGas (company) or at the level of top executives of the national Oil Fund. See "On Concept of Accumulation and Spending of Assets of the National Fund of the Republic of Kazakhstan" (O kontseptsii formirovaniya i ispol'zovaniya sredstv Natsional'nogo fonda Respubliki Kazakhstan), Order of the President of Kazakhstan N 962, April 2, 2010, [http://www.minfin.gov.kz/irj/go/km/docs/documents/МинФин/Импорт/Русский\\_язык/Главное\\_меню/Законодательство\\_и\\_нормативные\\_акты\\_в\\_области\\_финансов/Законодательство\\_по\\_Национальному\\_фонду\\_Республики\\_Казахстан/Законодательные\\_акты\\_Республики\\_Казахстан/1305088571.html](http://www.minfin.gov.kz/irj/go/km/docs/documents/МинФин/Импорт/Русский_язык/Главное_меню/Законодательство_и_нормативные_акты_в_области_финансов/Законодательство_по_Национальному_фонду_Республики_Казахстан/Законодательные_акты_Республики_Казахстан/1305088571.html)

This is a very closed president-centered system. The parliament as a whole or its committees play no meaningful role in it.

**Peer Review Comments:**

The Accounting Committee reports are scrutinized by the Parliament, for example the Government report 2011 was discussed in June 2012. Some parts of the report are related to the resource-related revenues.

<http://www.esep.kz/first2.php?lang=rus&matid=1743>

**2.3.032: Is this country an EITI candidate or compliant country?**Score:  A  B  C  D  E**References:**

EITI directory for Kazakhstan: <http://eiti.org/Kazakhstan>

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Indicator	Score
3.1.1 <span style="color: red;">Context</span>	67 <span style="background-color: yellow; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>

3.1.1 Context

### 3.1.1.033: Is there a state-owned company? If so, what is its role in the extractive sector?

Score: A  B  C  D  E

**References:**

KazMunaiGaz (KMG), [www.kmg.kz](http://www.kmg.kz) is a vertically-integrated state oil company with a status of a national company, which gives it various preferences. It has a dominant position in downstream (refining, marketing, transport), but in upstream (exploration and production) it only has a 24 % SHARE (with foreign China's CNPC - 20 %, US- ChevronTexaco - 18%, and Lukoil - 8%).

KMG is 100% owned by State Sovereign Wealth Fund Samruk-Kazyna (with 57 bln USD in industrial assets and 37 bln USD in financial assets - the largest Kazakh company), [www.sk.kz](http://www.sk.kz) .

### 3.1.1.034: How is government ownership of resource companies structured in this country?

Score:  A  B  C  D  E

**Comments:**

100 per cent of JSC NC «KazMunayGas» shares belong to National Wealth Fund «Samruk-Kazyna».

KMG's upstream arm KMG E&P, which holds one third of KMG's total assets, was partially privatized in October 2006. KMG E&P was listed on the Kazakh stock exchange with General Depository Receipts (GDR) listed on the London Stock exchange (LSE), meaning that the company had to fulfill both Kazakh and LSE reporting and corporate governance requirements. The decision to offer shares in the company was motivated by the desire to expose KMG E&P to the pressure of the stock market, a wider trend to privatize Kazakh state owned enterprises, and to raise funds for KMG to purchase other assets (50 percent of KasGerMunai and 33 percent of PetroKazakhstan).

**References:**

<http://kmg.kz/about/today/>

[http://www.kmg.kz/en/about/one\\_man\\_company/](http://www.kmg.kz/en/about/one_man_company/)

**Peer Review Comments:**

Kazmunai gas is a state owned company (so called national company).

### 3.1.1.035: Is there more than one state-owned company (SOC) operating in the extractive sector?

Score:  A  B  C

**References:**

<http://kmg.kz/about/today/>

The company has centralised state oil assets in upstream and downstream over the years and also represents the state in consortia (PSCs).

**Peer Review Comments:**

There are many state owned companies in Kazakhstan: Kazmunaigas, Kaztransoil, Kaztransgas, Kazatomprom, KMG Exploration and Extraction, Kazmunaiteniz, etc.  
<http://news.nur.kz/208510.html>

---

**3.1.1.036: Do the roles and responsibilities of the SOC include provision of subsidies or social expenditures (quasi-fiscal activities)?**

**Score:** A (B) C

**References:**

The company enjoys overwhelming state support, described here: [http://kmg.kz/en/about/akty\\_rk/](http://kmg.kz/en/about/akty_rk/)  
It does probably have a greater social role/social responsibility in Kazakhstan than other companies:  
See: [http://kmg.kz/en/ecology/corporate\\_social\\_responsibility/programme\\_2010/index.php?phrase\\_id=102209](http://kmg.kz/en/ecology/corporate_social_responsibility/programme_2010/index.php?phrase_id=102209)

However, all oil companies have this section, so KMG is not that extraordinary in this regard. These activities might not be considered quasi-fiscal activities per se, but rather a normal business practice in most countries with large oil and gas companies, where Kazakhstan is no exception.






Note the new high degree of transparency in these activities. Reports are published on an annual basis and there is a Corporate Social Responsibility Code:  
[http://kmg.kz/en/ecology/corporate\\_social\\_responsibility/code/](http://kmg.kz/en/ecology/corporate_social_responsibility/code/)

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Indicator		Score	
3.2.1	Comprehensive reports	100	
3.2.2.038	Does the SOC publish information on revenue generation?	78	
3.2.3.038.j	Disaggregated Revenue Streams	78	
3.2.4	Quality of reports	58	
3.2.5.043	Audited reports	100	

## 3.2.1 Comprehensive reports

### 3.2.1.037: Does the SOC publish comprehensive reports with information about its operations and subsidiaries?

Score:  A  B  C  D  E

**References:**

See annual reports in Russian, Kazakh, and English at [www.kmg.kz](http://www.kmg.kz)

**Peer Review Comments:**

The company publishes a lot of information that can create the image of an open and transparent company, but actually its activity has resulted into serious social tensions in the western region. One of the reasons - it is not open and lack effective communication with the public.

## 3.2.2.038 Does the SOC publish information on revenue generation?

### 3.2.2.038.a: Reserves

Score:  A  B  C  D  E

**References:**

yes. Annually. See p. 24 of the annual report.

### 3.2.2.038.b: Production volumes

Score:  A  B  C  D  E

**References:**

Yes. p. 24 of the Annual Report, it is also divided by subsidiary.

### 3.2.2.038.c: Information on prices

**Score:** A B C **(D)** E

**References:**

No, but there are volumes of oil and oil products sold and exported at p. 46-47 of the Annual Report 2010 that could be compared with average prices.

---

**3.2.2.038.d: Value of resource exports**

**Score:** **(A)** B C D E

**References:**

Yes. P. 112 of the KMG annual report 2010.

More detailed information is in KMG Exploration and Production Company's Annual Report 2010, see. p. 69-70 at [http://www.kmgep.kz/data/files/eng/pic\\_185.pdf](http://www.kmgep.kz/data/files/eng/pic_185.pdf)

---

**3.2.2.038.e: Estimates of investment in exploration and development**

**Score:** A B C **(D)** E

**References:**

p. 110 of annual report 2010. Investment figure not broken down by exploration and production. Reporting for 2 years+.

MNG Exploration and Refining also has a general figure in the 2010 report:  
[http://www.kmgep.kz/data/files/eng/pic\\_185.pdf](http://www.kmgep.kz/data/files/eng/pic_185.pdf)

**Peer Review Comments:**

Estimates of investment in exploration and development are not published.

---

**3.2.2.038.f: Production costs**

**Score:** **(A)** B C D E

**References:**

In great detail: p. 70 of KMG E&P 2010 Report

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**3.2.2.038.g: Names of companies operating in country**

**Score:** **(A)** B C D E

**References:**

Note: KMG reports on its subsidiaries and partners in all projects, not on companies operating in the country in general.  
[www.kmg.kz](http://www.kmg.kz)

---

**3.2.2.038.h: Production data by company and/or block**

**Score:** **(A)** B C D E

**References:**

production and sales by subsidiaries: pp. 72-73 of the KMG E&P 2010 Annual Report.

---

**3.2.2.038.i: Quasi fiscal activities**Score:  A B C D E**References:**

Yes, if extensive social responsibilities at government request could be considered that. See reports for 3 years at: [http://kmg.kz/en/ecology/corporate\\_social\\_responsibility/](http://kmg.kz/en/ecology/corporate_social_responsibility/)

---

**3.2.3.038.j Disaggregated Revenue Streams****3.2.3.038.j1: Production streams value**Score:  A B C D E**References:**

Yes. See revenue section, p. 67, KMG E&P Annual Report 2010.

---

**3.2.3.038.j2: Government s share in PSC**Score:  A B C D E**References:**

Yes, not in annual reports, but on website, project by project. See, for example, TengizChevroil information at <http://kmg.kz/en/manufacturing/upstream/tengiz/>

---

**3.2.3.038.j3: Royalties**Score:  A B C D E**References:**

yes. pp. 105-106 of the KMG E&P Annual Report 2010.

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**3.2.3.038.j4: Special taxes**Score:  A B C D E**References:**

Yes, pp. 105-106 KMG E&P Annual Report 2010.  
All taxes, fees, and other expenses are listed.

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**3.2.3.038.j5: Dividends**Score:  A B C D E**References:**

Yes. Pp. 3, 19, 72-74 and 84; KMG E&P Annual Report 2010.

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**3.2.3.038.j6: Bonuses****Score:**  A  B  C  D  E**References:**

Bonuses to employees at pp. 7, 70 of the KMG E&P Annual Report 2010 are mentioned. Board of directors has fixed remuneration, no bonuses: see KGM and KGM E&P websites.

---

**3.2.3.038.j7: License fees****Score:**  A  B  C  D  E**References:**

License fees are mentioned as an expense, but are not listed as a separate item in taxation table. It is unclear whether they are named differently in reporting.  
The company has a right to negotiate licenses, and, therefore, license fees directly with the government: [http://www.kmgep.kz/eng/the\\_company/our\\_business/exploration/](http://www.kmgep.kz/eng/the_company/our_business/exploration/)  
So, license acquisition and pricing process is a bit obscure for KMG and its subsidiaries.

---

**3.2.3.038.j8: Acreage fees****Score:**  A  B  C  D  E**References:**

Not reported. Unclear if they exist for the national oil company at all.

---

**3.2.3.038.j9: Other (Describe below)****Score:**  A  B  C  D  E**References:**

Average oil price, plans for next year, other contextual information, p. 63-65 , KMG E&P Annual report 2010.  
Also Samruk-Kazyna, which owns kazMunaiGas and its subsidiaries, website has some useful information: [www.sk.kz](http://www.sk.kz)

---

**3.2.4 Quality of reports****3.2.4.039: Are the reports published by the state owned company understandable?****Score:**  A  B  C  D  E**References:**

[www.sk.kz](http://www.sk.kz), [www.kmg.kz](http://www.kmg.kz), [www.kmgep.kz](http://www.kmgep.kz)

---

**3.2.4.040: How often are the reports or statistical databases containing information on revenue generation published by the state owned company?**

**Score:** A B  C D E

**References:**

[www.kmg.ru](http://www.kmg.ru)

**Peer Review Comments:**

<http://www.kmg.kz/>

[http://www.kmgep.kz/data/files/eng/pic\\_185.pdf](http://www.kmgep.kz/data/files/eng/pic_185.pdf)

---

**3.2.4.041: If the SOC is involved with quasi fiscal activities, does it publish information about them?**

**Score:**  A B C

**References:**

Yes. [http://kmg.kz/en/ecology/corporate\\_social\\_responsibility/](http://kmg.kz/en/ecology/corporate_social_responsibility/)

And corporate social report for 2009 (latest) at

[http://kmg.kz/upload/ecology/corporate\\_social\\_responsibility/KSO.pdf](http://kmg.kz/upload/ecology/corporate_social_responsibility/KSO.pdf)

---

**3.2.4.042: If there are joint ventures, does the SOC (or government) publish information on its share of costs and revenues deriving from its equity participation in joint ventures?**

**Score:** A  B C

**References:**

Not published.

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3.2.5.043 Audited reports

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**3.2.5.043.a: Is the SOC subject to annual audits conducted by an independent external auditor to ensure that the financial statements represent the financial position and performance of the company?**

**Score:**  A B C D E

**References:**

KazMunaiGas and KMG E&P websites. See attached KMG and KMG E&P reports. English language report is too large to attach, Russian language version attached for KMG report. Audited by Ernst&Young.

---

**3.2.5.043.b: Are SOC audited reports published?**

**Score:**  A B C D E


**References:**

Audited by Ernst & Young, p. 106-107 of the KazMunaiGas Annual Report for 2010.

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Indicator	Score
3.3.1 Legal Framework and Practice	100 

## 3.3.1 Legal Framework and Practice

### 3.3.1.044: Does the SOC have a legal obligation to publish financial reports?

Score:  A  B  C

**References:**

Law of the Republic of Kazakhstan (O buhgalterskom i finansovom uchete), as amended by July 17, 2009, N 234-III ZRK, February 28, 2007, [http://ics.kz/doc/zakon/zakon\\_o\\_buhuchete.doc](http://ics.kz/doc/zakon/zakon_o_buhuchete.doc)

Law on Taxes and other Mandatory payments to the Budget (Tax Code), (Nalogovyi kodeks), N 100, December 10, 2008, <http://www.salyk.kz/ru/taxcode/Pages/default.aspx> and <http://www.salyk.kz/ru/taxcode/Documents/%D0%9D%D0%9A%2002-2012%20%D1%80%D1%83%D1%81.pdf>

Also see EITI 2009 Report published in 2011:  
[http://www.geology.kz/images/stories/rcgi/EITI\\_report2011\\_.pdf](http://www.geology.kz/images/stories/rcgi/EITI_report2011_.pdf)

### 3.3.1.045: Does the SOC follow internationally recognized accounting standards?

Score:  A  B  C

**References:**

KMG E&P reports IASB annual report for 2011, KMG E&P Analysis of Financial Standing, latest report for 2012.

### 3.3.1.046: Do SOC audits include consolidated accounts that cover all of the SOC subsidiaries?

Score:  A  B  C

**References:**

It is stated in every report that KMG E&P is an oil producer in 2 regions of Kazakhtan (this is where its subsidiaries operate, so they are included in reports) and is owned by KMG, in turn owned by Samruk Kazyna, in turn owned by the Government of the Republic of Kazakhstan.

### 3.3.1.047: Are officials of the SOC required to disclose information about their financial interest in any oil, gas or mining projects?

Score:  A  B  C

**References:**

Yes, see Chapter 17, according to internal "Code of Business Ethics" (Kodeks delovoi etiki), Approved by AO NK KazMunaiGas, May 12, 2010 by Protocol N 58, [http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CDQQFjAC&url=http%3A%2F%2Fwww.kmg.kz%2Fupload%2Fcompany%2Fkodeks\\_rus.doc&ei=R8KaT479D4b00gGGibigDw&usg=AFQjCNF7oAG\\_-RIHAjPMV3ufMpqqyoTfRDg&sig2=jgbh4e1XEIWtk2WPCBU1g](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CDQQFjAC&url=http%3A%2F%2Fwww.kmg.kz%2Fupload%2Fcompany%2Fkodeks_rus.doc&ei=R8KaT479D4b00gGGibigDw&usg=AFQjCNF7oAG_-RIHAjPMV3ufMpqqyoTfRDg&sig2=jgbh4e1XEIWtk2WPCBU1g)

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### 3.3.1.048: Does the SOC publish information on the composition of its Board of Directors?

Score:  A  B  C

#### References:

KMG E&P: [http://www.kmgep.kz/eng/the\\_company/corporate\\_governance/board\\_of\\_directors/](http://www.kmgep.kz/eng/the_company/corporate_governance/board_of_directors/)  
and

KMG: [http://kmg.kz/corporate\\_management/leadership/directors/](http://kmg.kz/corporate_management/leadership/directors/)

Samruk-Kazyna: [http://www.sk.kz/fund\\_directors](http://www.sk.kz/fund_directors)

---

### 3.3.1.049: Does the SOC publish information about the rules governing decision making by the Board of Directors?

Score:  A  B  C

#### References:

Yes. See by-laws of the Board of Directors, 2007 at

[http://www.kmgep.kz/eng/the\\_company/corporate\\_governance/corporate\\_documents/](http://www.kmgep.kz/eng/the_company/corporate_governance/corporate_documents/)

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