

## **OIL REVENUES - UNDER PUBLIC OVERSIGHT!**

### *Declaration of the Civil Societies Coalition*

Many resource rich countries have suffered by what has come to be known as the “resource curse”. That is, the large income from extractive industries such as oil have actually hampered economic and social development, contributed significantly to political instability, exacerbated corruption, and fuelled conflict in some cases, such as Nigeria, Indonesia, Angola and Venezuela.

Kazakhstan is also vulnerable to the resource curse. As government revenues from the oil and gas sectors have grown since independence, democratic development has slowed down significantly. In addition, poverty levels remain high, domestic manufacturing has suffered from the influx of imported goods, science and education have been in deep depression, and healthcare standards have also been negatively affected.

Terms of the contracts signed by the government with extracting companies to this day remain a tight secret even though oil proceeds comprise about a third of the budget. Our society has a right to know if the share which Kazakhstan receives from oil and gas concessions is fair, and should be able to participate in the decision-making process on the revenues distribution through its elected representatives.

*Kazakhstan faces a dilemma: long-term development based on transparency, accountability and the responsible management of natural resource revenues, or the worsening impact of the “resource curse” on our society?*

Concern over the destiny of the country compelled the formation of a civil society coalition, “Oil Revenues - Under Public Oversight!” We believe that Kazakhstan needs to demonstrate its adherence to the principles of transparency, democracy and responsible management of natural wealth in order to create favorable conditions for the development of other sectors of the economy and to enhance healthcare, education and the social welfare system.

The goal of the Extractive Industries Transparency Initiative (EITI), announced by Prime Minister Tony Blair in September 2002, is to increase transparency over payments by companies to governments and government-linked entities, as well as transparency over revenues by those host country governments. Within the framework of the EITI, extraction companies should disclose their tax and non-tax payments made to host country governments, revenue authorities and state-owned companies. In turn, host governments should report the revenues they earn from the extractive companies. An independent third party should compare and audit the information submitted by companies and the host government.

**We appeal to the government of Kazakhstan to adopt the Extractive Industries Transparency Initiative (EITI).**

This should include:

- Establishing a clear timeline for implementation of EITI;
- Using a comprehensive template for the publication of company payments and government revenues information;
- Appointing a third party responsible to collect and report the information; and

- Including representatives of civil society in the planning and implementation of the government's commitment to EITI.

**We appeal to the extractive companies** which operate in Kazakhstan to demonstrate their commitment to the prosperity of Kazakhstan by cooperating in the publication of their payments to the government of Kazakhstan.

**We also appeal to the international aid organizations and credit institutions** to support our Coalition and encourage the government of Kazakhstan to make this important step towards democratization and stability. Transparency and accountability should become obligatory conditions of all agreements for financial and technical aid provided to Kazakhstan.

Kazakhstan's abundant natural resources belong to the present and future generations of Kazakhstani people. Decisions over how to develop and spend the nation's wealth should be subject to public scrutiny. **We call for the people of Kazakhstan to support our coalition of civil society organizations "Oil Wealth - Under Public Oversight!" so that we may all jointly contribute to the country we should have tomorrow.**