



Publish What You Pay report reveals high costs and few benefits of Kazakh oil and gas

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Echo, Kazakhstan
Civil Expertise, Kazakhstan
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Two giant oil and gas fields in Kazakhstan that major European oil companies have invested in are high cost projects with few public benefits, a new report has found. Local communities say their health and the local environment have suffered. Public access to information is poor, and the projects have delivered few if any visible economic gains.

[Transparency, participation and accountability in Kazakhstan: an action-research case study of the extractive industry](#), researched and written by members of the Publish What You Pay (PWYP) global civil society movement for extractive industry accountability and sustainability, focuses on two costly oil and gas projects where European companies have significant stakes: Karachaganak, jointly operated by Royal Dutch Shell (Netherlands/UK) and Eni (Italy); and Kashagan, operated by the North Caspian Operating Company (NCOC), with Total (France) as a joint venture partner.

Based on 18 months' research, analysis, inquiries to government, and dialogue with companies and citizens, the report concludes that **Karachaganak and Kashagan have so far yielded few economic benefits to the country while at times impacting negatively on the environment, local communities and the personal security of industry critics.**

Despite Kazakhstan's participation in the [Extractive Industries Transparency Initiative \(EITI\)](#), and disclosures of key data by participating companies, Karachaganak and Kashagan are **poorly understood** by citizens and communities. Locally implemented **social and infrastructure projects are obscurely subcontracted** and of **doubtful value**. **Environmental and social harms** are unremedied and uncompensated. Local activists are concerned for their **personal security**.

"Kazakhstan's natural resources should benefit its citizens, not increase their suffering. The evidence in our study should be a wake-up call to the Kazakhstan government and its industry partners," says **Mariya Lobacheva** of **Echo**, who represents civil society on the EITI International Board. **"Without the informed participation of local communities and civil society, and greater financial transparency, the disturbing picture painted in this report is unlikely to change."**

[Transparency, participation and accountability in Kazakhstan](#) recommends reforms to achieve better extractive sector governance and management. And it calls on international and multilateral institutions to speed up the redirection of funding away from climate-damaging fossil fuels and into the low-carbon energy transition and economic diversification.

Miles Litvinoff of **Publish What You Pay UK** and a member of the **PWYP Global Council**, who coordinated the project, concludes: **"The report questions the viability of costly oil and gas operations at a time of falling global demand, Covid-19 and the urgent need for an equitable low-carbon energy transition."**

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Notes and contacts

Kazakhstan supplied 2% of world crude oil production in 2019, making it the world's [14th largest producer](#).

Transparency, participation and accountability in Kazakhstan is available in full with a brief summary in English, Russian and French at <https://www.pwyp.org/pwyp-resources/pwyp-report-kazakhstan-extractives/>

The report is one of three such PWYP action-research studies to be published with in-country partners in 2020-1 and will be followed by studies focused on the extractive sector in Nigeria and in Brazil.

Kazakhstan

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