From Data Analysis to Action Research: Putting transparency to work

Total payments to Kazakhstan government, Kashagan and Dunga, 2015-18

<table>
<thead>
<tr>
<th>Year</th>
<th>US $000</th>
<th>Bonuses</th>
<th>Fees</th>
<th>Production entitlements</th>
<th>Taxes</th>
<th>Payments for infrastructure improvements</th>
<th>Total</th>
</tr>
</thead>
</table>
| 2015 | 20,200  | 120     | 0    | 0                      | 11,600| 31,200
| 2016 | 58,852  | 0       | 918  | 0                      | 6,527 | 66,298
| 2017 | 0       | 0       | 17,400| 0                      | 6,980 | 24,380
| 2018 | 504     | 0       | 52,838| 41,081                 | 10,406| 104,629
| Total| 75,557  | 120     | 71,056| 41,081                 | 35,613| 227,427

4 December 2020 for PWYP Lebanon (CEG-PWYP)
Workshop introduction

**AIM:** Support Lebanese civil society strengthening by sharing examples and experience from PWYP UK oil & gas projects with partners

**FOCUS:**
- “INFLUENTIAL: Putting transparency to work” ([PWYP Vision 2025](https://en.wikipedia.org/wiki/PWYP_Vision_2025) strategic goal)
- PWYP UK partnership projects on oil & gas in Kazakhstan and in Nigeria
- Using payments-to-governments data to develop action research
- Action research “seeks transformative change through ... taking action and doing research, ... [with] critical reflection” ([https://en.wikipedia.org/wiki/Action_research](https://en.wikipedia.org/wiki/Action_research))
Workshop plan

**Session 1: approx. 10.20-5-11.30:**
- Pre-workshop survey
- Deciding on project aims
- Identifying companies, projects and issues for engagement

**Session 2: approx. 11.35-13.25:**
- Main project activities: research, analysis, communications/public participation, engaging with duty bearers, advocacy, documenting & reporting findings, advocacy recommendations
- Recap, final questions & discussion
- Post-workshop survey
- Next steps for support
Pre-workshop survey

• Please go to this link and answer the 10 questions, including briefly (question 10) your expectations of the workshop:

https://forms.gle/ygfeCzLEMDUGyCN3A
Deciding on project aims by asking questions

- What do company payments-to-governments (PtG) reports tell us about oil & gas (o&g) in this country?
- What do we know and/or need to know about these companies and o&g projects?
- Who gains or loses from the projects?
- How accountable are the duty bearers (government and companies)?
- How to mobilise the public and increase accountability?
Using data to identify companies, projects & governments

- Kazakhstan: which o&g companies?
  https://www.resourceprojects.org/entities?tab=0&countries=Kazakhstan

- Kazakhstan: which o&g projects?
  https://www.resourceprojects.org/projects?tab=0&countries=Kazakhstan

- Nigeria: which government entities?
  https://www.resourceprojects.org/entities?tab=0&countries=Nigeria
Lebanon data example

https://www.resourceprojects.org/entities?tab=0&countries=Lebanon

<table>
<thead>
<tr>
<th>entityName</th>
<th>reportingCompany</th>
<th>country</th>
<th>paymentType</th>
<th>start date</th>
<th>end date</th>
<th>value (USD)</th>
</tr>
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<tbody>
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<td>LafargeHolcim</td>
<td>Lebanon</td>
<td>Taxes</td>
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<td>Lebanon</td>
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<td>Lebanon</td>
<td>Taxes</td>
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<td>Taxes</td>
<td># 12-31-2018</td>
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<td>Government of Lebanon</td>
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<td>Lebanon</td>
<td>Taxes</td>
<td># 12-31-2018</td>
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<td>796457</td>
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<td>Regional/Local Government</td>
<td>Aggregateinden</td>
<td>Lebanon</td>
<td>Taxes</td>
<td># 12-31-2018</td>
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<td>Government of Lebanon</td>
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<td>Taxes</td>
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<td>Lebanon</td>
<td>Taxes</td>
<td># 12-31-2015</td>
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<td>688916</td>
</tr>
</tbody>
</table>

$28,335,978
Ask questions to clarify issues

- Which companies, projects or recipient government entities are problematic and why?
- What can the PtG data help us pinpoint or understand?
- Who are the duty bearers?
- What more is it important to know?
- Where and how can we engage with and empower citizens and civil society to demand more accountability?
- Where can we exert leverage on the government and/or companies to bring about change?
Kazakhstan: project activities

- Scoping & selection of oil & gas projects
- Desk research and data analysis
- Dialogue with government and companies
- Dialogue with civil society
- Documenting activities & outcomes
- Drafting report with conclusions & recommendations
- Obtaining comments on draft report and revising for publication
Kazakhstan: scoping, selection & initial information gathering

• Partners selected two large o&g projects involving major UK & French companies reporting payments
• In-country civil society concerned about costs, possible corruption, few benefits and negative impacts on society—this provided clear purpose to investigate
• We documented initial available information on these two o&g projects
Karachaganak

Box 3. KARACHAGANAK

Located onshore in northwest Kazakhstan, close to the country’s border with Russia, Karachaganak is, with Kashagan and Tengiz, one of the country’s three largest oil and gas fields. The project is managed by a joint venture consortium incorporated in the Netherlands as the private company Karachaganak Petroleum Operating BV (KPO). Shell (UK/Netherlands) and Eni (Italy) are, via their respective local subsidiaries BG Karachaganak and Agip Karachaganak, joint operators with a 29.25% share each in the project. Chevron (US) and Lukoil (Russia) subsidiaries own 18% and 13.5% respectively. The Kazakh government owns 10% via KazMunayGas, a subsidiary of the state-owned Samruk-Kazyna national holding company (see Box 6).

After oil and gas discovery in 1979, state-controlled production began in 1984/85, several years before Kazakhstan became the last Soviet republic to declare independence in 1991. A 40-year production sharing agreement (PSA) was signed by Agip/Eni, BG Group (since 2016 part of Shell), Texaco/Chevron, Lukoil and the Kazakh government in 1997, with the licence running to 2037. Karachaganak is one of the largest gas condensate fields in the world, and since 2004 a gas reinjection programme has been implemented using associated gas to support reservoir pressure, making the project technically complex. Production was around 399,000 boe/day (crude oil and gas condensate) in 2018, and staged expansion is envisaged.
Located offshore in the Northern Caspian Sea, Kashagan is, with Karachaganak and Tengiz, one of the country’s three largest oil and gas fields. One of the largest oil discoveries in the past decades, the project is managed and operated by a joint venture consortium incorporated in the Netherlands as the public company North Caspian Operating Company NV (NCOC). In 2015 NCOC assumed project operator responsibilities as successor to the NC Production Operations Company BV. Total E&P Kazakhstan, subsidiaries of ExxonMobil (US) and Shell (UK/Netherlands, and Eni (Italy) each hold a 16.81% share in the project, with the rest held by subsidiaries of state-owned KazMunayGas (16.88%), China National Petroleum Corporation (CNPC; 8.33%) and Inpex (Japan; 7.56%).

Kashagan is governed by a production sharing agreement (PSA) first signed in 1997 between the consortium partners and the government and renegotiated in 2008. Field reserves are estimated between 9 and 13 billion barrels of high-sulphur oil and associated gas. The project was delayed by 8 years and required 16 years of development. Production started in 2016 after costs had reached about $50 billion. Various problems including environmental concerns have affected the project from the onset: although the deposit is deep subsea, the Caspian is shallow where the formation is, incurring major risks to the ecosystem. Kashagan oil is transported through a pipeline operated by the Caspian Pipeline Consortium (CPC) and state-owned KazTransOil running 1,500 km from the northern Caspian to Novorossiysk on the Black Sea. KazMunayGas owns 19% of CPC shares, Eni 2% and ExxonMobil’s subsidiary Mobil Caspian Pipeline Company 7.5%.
Questions? Comments? Reflections on Session 1
Kazakhstan: further research, analysis, inquiries & dialogue

- Legal and fiscal framework
- Fiscal terms/contract(s) published?
- State actors
- Data comparison – EITI vs PtG
- Indications of a poor deal for country and citizens
- Questions & clarification requests to government and companies
- Civil society activists questionnaire
- Other civil society sources
Kazakhstan: analysis

- Findings from data comparisons
- Following the money
- Indications of a poor deal for country and citizens

**Data comparison (Karachaganak)**

<table>
<thead>
<tr>
<th>Year</th>
<th>BG Karachaganak (Shell) EITI reports</th>
<th>Shell EU reports</th>
<th>KPO EITI reports</th>
<th>BG Karachaganak (Shell) 29.25% proportionate share of KPO payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>178,860</td>
<td>178,635</td>
<td>368,098</td>
<td>107,669</td>
</tr>
<tr>
<td>2017</td>
<td>214,023</td>
<td>214,000</td>
<td>744,740</td>
<td>217,836</td>
</tr>
<tr>
<td>2018</td>
<td>224,031</td>
<td>223,985</td>
<td>1,945,870</td>
<td>569,167</td>
</tr>
<tr>
<td>Total</td>
<td>616,914</td>
<td>616,620</td>
<td>3,058,708</td>
<td>894,672</td>
</tr>
</tbody>
</table>

**Following the money (both projects)**

**Indications of a poor deal (Kashagan)**
Kazakhstan: engaging with government, companies, civil society
Kazakhstan: report conclusions & recommendations

Key findings:

• Transparency is incomplete
• Fiscal terms are secret
• NCOC conflict of interest
• SIPs treated as “costs”; local accountability limited; corruption suspected
• High costs vs few economic benefits
• Concerns about tax dodging
• Environmental & social costs sometimes severe and not remedied
• Concerns about civic space and personal security
Kazakhstan: impacts?

“Has Karachaganak Petroleum Operating held meetings with local communities on social and infrastructure projects? - asks the public association **Echo** in its questionnaire”

How is KPO money distributed, and why can't we see it?

*Billions of social contributions from mining companies are used opaquely and irresponsibly.*
Nigeria: project activities

• Scoping and selection
• #WetinWeGain campaign launch and website
• Infographics and awareness raising
• Inquiries to government and companies
• Public policy statements
• Community visits and dialogue
• Use of mainstream and social media
• Documenting activities & outcomes
• Drafting report with conclusions & recommendations
• Obtaining comments on draft report and revising for publication
Partners selected projects:

- where disaggregated project-level PtG data available
- geographically accessible to Policy Alert in Uyo city, Akwa Ibom state

<table>
<thead>
<tr>
<th>Extractive projects covered</th>
<th>Operating company (+ selected past/present joint venture partners)</th>
<th>Location (states)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; gas projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OMLs 4, 38, 41</td>
<td>Seplat</td>
<td>Onshore (Edo and Delta)</td>
</tr>
<tr>
<td>OML 13 (Uquo Field)</td>
<td>Frontier Oil/Seven Energy/Savannah</td>
<td>Onshore (Akwa Ibom)</td>
</tr>
<tr>
<td>OML 14 (Stubb Creek Field)</td>
<td>Universal Energy/Seven Energy/Frontier Oil/Savannah(^{20})</td>
<td>Onshore (Akwa Ibom)</td>
</tr>
<tr>
<td>OML 53</td>
<td>Seplat</td>
<td>Onshore (Imo)</td>
</tr>
<tr>
<td>OML 100</td>
<td>Total</td>
<td>South-eastern Delta (offshore Akwa Ibom)</td>
</tr>
<tr>
<td>OML 102</td>
<td>Total</td>
<td>South-eastern Delta (offshore Akwa Ibom)</td>
</tr>
<tr>
<td>OML 125</td>
<td>Eni (Nigeria Agip Exploration Company) (+ Cando)</td>
<td>Offshore (Ondo)</td>
</tr>
<tr>
<td>OML 130</td>
<td>Total (+ Sapetro)</td>
<td>Offshore (Rivers and Bayelsa)</td>
</tr>
<tr>
<td>OML 138 (Usan)</td>
<td>ExxonMobil (+ Total, Nexen, Chevron Canada)(^{21})</td>
<td>Offshore (Akwa Ibom)</td>
</tr>
<tr>
<td>Cement operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ewekoro, Mfamosing, Ashaka</td>
<td>LafargeHolcim</td>
<td>Ogun, Cross River, Rivers, Gombe, Lagos, Abuja</td>
</tr>
</tbody>
</table>

\(^{20}\) Depending on project details provided.

\(^{21}\) Assuming all necessary permits and agreements are in place.
Nigeria: #WetinWeGain campaign launch and website

- #WetinWeGain means “what’s in it for us?”
- [https://policyalert.org/wetinwegan](https://policyalert.org/wetinwegan)
- Already prepared to use infographics & media
Nigeria: infographics & awareness raising

2018 Payments to NDDC and Niger Delta States.

<table>
<thead>
<tr>
<th>State</th>
<th>Payments to NDDC (N2bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akwa Ibom</td>
<td>202.3bn ($661.8m)</td>
</tr>
<tr>
<td>Abia</td>
<td>55bn ($180.7m)</td>
</tr>
<tr>
<td>Bayelsa</td>
<td>153.1bn ($503.7m)</td>
</tr>
<tr>
<td>Cross River</td>
<td>36.9bn ($120.7m)</td>
</tr>
<tr>
<td>Delta</td>
<td>213.6bn ($697.5m)</td>
</tr>
<tr>
<td>Edo</td>
<td>69.1bn ($226.8m)</td>
</tr>
<tr>
<td>Imo</td>
<td>54.1bn ($174.5m)</td>
</tr>
<tr>
<td>Ondo</td>
<td>64.6bn ($211.3m)</td>
</tr>
</tbody>
</table>

Federal Government Allocation to NDDC States

N291bn ($950.8m)

#WetinWeGain policyalert!
Nigeria: inquiries to government and companies
Nigeria: public policy statements

Policy Alert Urges DPR To Publish Historical Gas Flare Data

Oil And Gas: DPR Guidelines For Marginal Field Bid Round, Faulty-CSO

A Civil Society Organisation, Policy Alert, has faulted the guidelines by the Department of Petroleum Resources (DPR) for the ongoing oil and gas marginal field bid rounds saying that the guidelines lacked stringent prerequisite for the development of host communities.

The Department of Petroleum Resources (DPR) has been called upon to publish historical data on gas flare penalty payments and distribution by oil companies operating in the Niger Delta since 1994 when gas flaring was prohibited.
Nigeria: community visits and dialogue
Nigeria: mainstream media
Are Extractive Revenues Working for Resource-Rich Communities in ND

A tweet chat to interrogate the assumption that large payments to the Niger Delta Development Commission (NDDC) has two revenue streams.
2. Levies from Oil Companies. (As stated by Section 14(b) of the NDDC Act, the NDDC collects 3% of the total annual budget of any oil producing company operating onshore and offshore in the Niger Delta area, including gas-processing companies. Attached below are infographics on how much was paid to the NDDC as reported by a few companies.

#WetinWeGain #NDDCProbe

Policy Alert
September 2, 2019

Making Extractives Data Relevant to Resource-Rich Communities

Tuesday 21st, May 2019 / 10 - 11 am
Host: @PolicyAlert

May 31, 2019

Stakeholders Parley on Accountability and Transparency in Extractives

@PolicyAlert @PolicyAlert
Nigeria: report conclusions & recommendations

Key findings:

- Complexity and opacity of sector
- Severe negative impacts on livelihoods, environment, health, human rights
- Affected communities can be empowered to work for change
- Beneficial ownership registers need improvement
- Key government body NDDC to undergo “forensic audit” for corruption
- Covid-19 intensifies harmful impacts of oil dependency
- Risk of “stranded assets” in energy transition
Nigeria: impacts?

Empowering communities to use extractives data to demand improved benefits from government and companies.
What have you learned that has been new?
What ideas has the workshop so far given you for your own work?
What would you like to know more about?
Project limitations?

Should the Kazakhstan and Nigeria projects have done more to investigate and report on:

Catastrophic climate damage?

Rights of future generations?

Geographical exploitation/neo-colonialism?
Let’s Recap
Post-workshop survey

• Please go to this link and answer the same first 9 questions as before in light of the knowledge and understanding you have gained:
  https://forms.gle/rLWtQ57tMtjbRuod9

• Be prepared to briefly share one or two of your responses with the group
Workshop evaluation

• Please go to this link to give your feedback on the workshop, including telling us what you have gained most:

https://forms.gle/zEjQoRxdvPhLivDr7
Thank you.

Next steps?

mlitvinoff@pwypuk.org
http://www.publishwhatyoupay.org/members/united-kingdom/