Opening up oil and gas policy in Kazakhstan

A series of dialogues on oil and gas investment in Kazakhstan created new lines of communication between government, industry and civil society.

Can Kazakhstan escape the ‘resource curse’ — the negative development trends that plague developing countries with plenty of oil or other buried riches? The question has received wide attention in a country where revenues from oil and gas contribute about 11 per cent of GDP. The oil industry appears to be contributing to overall human development in the country: Kazakhstan ranks 66th in the 2010 Human Development Index, compared to 80th in 2005. But to maintain this success — and ensure that the oil and gas sector operates sustainably — leaders will have to steer carefully, and some gaps and obstacles are apparent.

President Nursultan Nazarbayev, the former Communist First Secretary who has headed the nation since independence in 1991, is prioritising economic growth over democratisation. Civil society organisations rarely engage in debates on oil and gas development, although the communities they represent are often the most directly affected; their concerns include the health impacts of pollution and gas flaring, the economic inequalities created by the oil boom, and the use of ‘social investment’ funds that companies provide for local community development. And recently, legislation was drafted that puts oil and gas under stronger state control. Industry players have warned this could discourage investment — and with contracts being renegotiated and shares contested, international oil companies and government officials find it difficult to build dialogue and trust that would align industry activities better with government development goals.

From 2006–2007 IIED researcher Halina Ward was based in Kazakhstan. To open better communication lines between government, civil society and oil and gas companies, IIED held a round-table meeting in 2007. Participants identified the main issues around oil and gas investment and sustainable development, and agreed to move the dialogue forward through a series of multi-stakeholder meetings that could build common ground and strengthen relationships.

Dialogue design
A key challenge was getting people with respected voices and decision-making power to take part. This required putting time and effort into building relationships, preparing participants and convincing people — especially government — of the importance of being there. As IIED did not have an institutional partner, we relied heavily on individual liaisons to do this groundwork, using their own contacts. We also experimented in working with potential local partner organisations, but had negative experiences with one such organisation and their subcontractors. This underlined the need to check that institutional partners have appropriate expertise and their subcontractors agree on basic values and methods. Much more successful was our...
development concepts, but there are restrictions on democratic institutions that might hold government and industry to account. In this context, multi-stakeholder dialogue in a neutral space, supported by sound analytical research, can promote sustainable development and good governance by fostering mutual trust and understanding. Participants can influence evolving legislation and grasp the challenges of implementation; government can explain the intent of the law; and industry can share views on how the law might play out in practice. Civil society organisations are rarely involved in such discussions in Kazakhstan, so including them helps build acceptance of their role in promoting good governance. IIED acts as an unbiased convenor, ensuring that the right players are present and credible analysis underpins the dialogues.

**KEY LESSONS LEARNT & INNOVATIONS**

- Getting the right people round the table was critical, and required time and effort to build relationships in advance. The involvement of civil society organisations raised their profile with government and industry; while training workshops prepared them to engage more meaningfully.
- The relevance of the discussion themes and the quality of the background materials was important for participants. Because the dialogues took place when legislation was evolving, participants could build understanding of the new laws and the challenges of implementation.
- Participants valued the time allotted for open discussion. Maintaining a neutral space, without media participation or evidence of any political bias, led to more open and frank discussions.

**PARTNERS’ VIEW**

*At conferences there is usually no time for in-depth discussion. They have back-to-back presentations, with no time for questions before they announce the coffee break. These meetings were different.*

Ministry of Environment representative, Kazakhstan

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