

Results of survey in oil companies,  
government bodies, non-government  
organizations and mass-media

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The Attitude of Extractive Industry  
Companies in Azerbaijan to the  
Extractive Industries  
Transparency Initiative  
Campaign

# CONTENTS

- Questionnaire – Survey objectives and subjects
- Questionnaire – Overall description of survey questions and responses
- Questionnaire – Analysis of survey outcomes to companies
- Questionnaire – Assessment of survey outcomes

# OBJECTIVES

- This survey extended to companies addressed aimed at:
- Scrutinizing the EITI campaign at company levels
- Determining the participation level of companies in this campaign
- Clarifying the companies' attitude to further initiative process
- Investigating the companies' attitude to the activity of the Azerbaijan government, including EITI implementation
- Identifying awareness or competence level of EI companies related to the NGO Coalition's activity.

# SUBJECTS

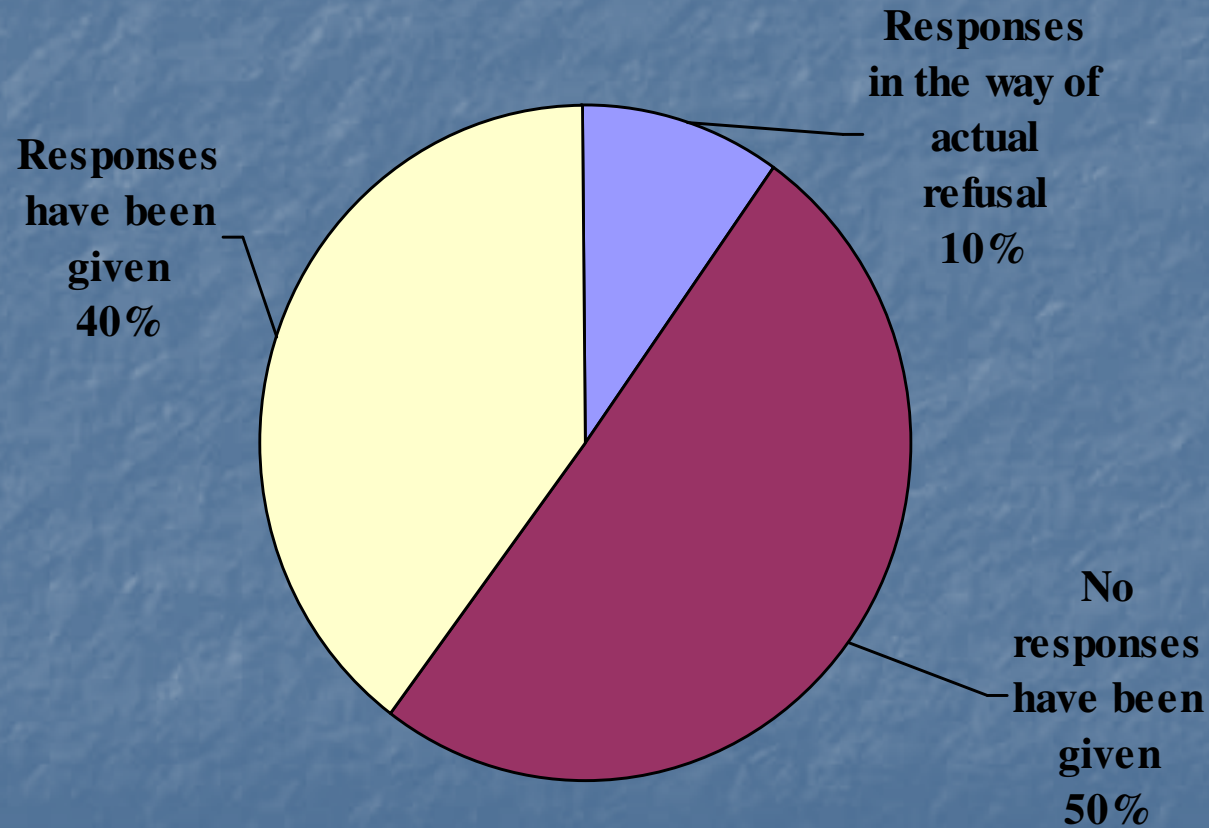
*Though the questionnaires were not returned within that time, only eight of the 20 companies sent their responses to us. They are:*

- Garasu Operating Company
- Bp Exploration (Caspian Sea) Ltd
- Salyan Oil
- ANSHAD Petrol
- Lukoil Overseas Service Ltd
- The State Oil Company of the Azerbaijan Republic (SOCAR)
- Shell Azerbaijan
- Statoil

*The rest 10 companies below neither gave responses to the questions nor officially replied to us, ignoring our repeated and urgent inquiries:*

- Middle East Oil
- ExxonMobil
- Unocal
- Devon Energy Caspian Corporation
- TPAO
- Azerneft
- Itochu Oil Exploration (Azerbaijan) Inc.
- ConnocoPhillips
- Total E&P Azerbaïdjan B.V.
- Amerada Hess
- Shangli Oil
- Shirvan Oil

So over half (60%) of the companies surveyed failed to give any answer.



“Which of the following activities does your company consider it important to disclose to the public?”

Companies	Production volume	Available reserves in aggregate	Total number of employees	Number of local staff	Business partners	Relations with government-linked entities	Shareholders
Garasu			+	+			
BP	+	+	+	+	+	+	+
Salyan Oil	+		+	+	+	+	+
ANSHAD Petrol	+		+				
Lukoil	+	+					
SOCAR	+	+	+	+	+	+	
Shell	+	+	+	+			+
Statoil	+	+	+	+	+		+

**“Which of the following financial showings the company considered it necessary to disclose to the public”**

Companies	Volume of revenues	Capital expenditure	Operational expenditure	Tax payments	Other payments to the government	After tax return	Dividends payable
Garasu				+	+		
BP	+	+	+	+	+	+	+
Salyan Oil				+	+		
ANSHAD Petrol			+	+			
Lukoil	+	+		+			
SOCAR	+	+	+	+	+	+	
Shell	+	+	+	+	+	+	
Statoil	+	+	+	+	+	+	

“Does your company have interest to individually disclose its reports on payments to the government?”

- Four companies- BP, SOCAR, Shell, and Statoil – responded “Positively”
- The other four – Garasu, Salyan Oil, Lukoil, and ANSHAD Petrol– gave the “No”
- Garasu wrote into the “other“ box “We are a private company.”

# ASSESSMENT OF SURVEY OUTCOMES

*Data processing and studies concerning the survey conducted among several EI companies operating in Azerbaijan have revealed the following outcomes:*

- Although all of companies surveyed joined the EITI, they are not interested in greater transparency to disclose their activity to the public. This is proved by the fact that, of 20 companies we had sent the questions to to give responses, only 12 replied to us. One of the companies surveyed (Garasu) even confessed this. In addition, only a few of them have designed internal normative documents on public availability of information. Even more than half of companies surveyed are unwilling to publicly disclose results of their technical, economic, and financial operations, yet all of them claim they have public declarations to ensure transparency of their transactions carried out within the country.

# ASSESSMENT OF SURVEY OUTCOMES (CONTINUED)

- The attitude of the most companies surveyed to NGOs and mass media also is far from principles of transparency. Although the companies claim they closely address inquiries made by NGOs and media outlets, in practice, the situation is real different: it is surprising that out of the companies surveyed, only three companies (15%) could respond to us within agreed time limit (two months).
- Most of the foreign companies surveyed still have no interest to disclose individual reports on payments to the government. Only three – BP, Shell, and Statoil want to disclose these reports.
- Actually all the companies consider that reports on extractive sector revenue payments under PSA should partly remain confidential.
- Unlike SOCAR, the other companies have included the item regarding anticorruption in their regulations or other normative documents, and they are applicable in respect of their agents and contractual partners.

# ASSESSMENT OF SURVEY OUTCOMES (CONTINUED)

- Although greater part of the companies surveyed had interest to access detailed information on the targeted use of funds paid to the government, they obtained such information from the media only.
- The majority of the companies are informed of the government's activity under EITI. However, according to the survey responses, some companies find this activity unsatisfactory.
- The companies have poor access to the activity of the NGO Coalition for EITI. Even if those companies that have been provided with this information have assessed this activity on the lowest score points. Interestingly, the National oil company SOCAR also reported that it is unaware of the NGO Coalition activity in terms of EI initiative. Therefore, the NGO Coalition should increase its attention to closer cooperation with the companies and focus on awareness of its activity.

The Attitude of  
Government Entities to  
the Extractive Industries  
Transparency Initiative  
Campaign

# SURVEY OVERVIEW

- *Overall 11 entities had been involved in the survey conducted among government-linked entities. Below is the list of those surveyed:*
- Ministry for Communications and Information Technologies
- Ministry for Taxes
- Ministry for Industry and Energy
- Ministry for Finance
- Ministry for Economic Development
- Ministry for Ecology and Natural Resources
- Ministry for Transport
- State Statistics Committee (SSC)
- State Social Protection Fund
- Chamber of Accountant
- The State Oil Fund (SOFAZ)

# ASSESSMENT OF SURVEY OUTCOMES

- *First*, it became clear that there is a pressing need to provide most government-linked entities with essential tools to ensure transparency. Since although the fact that they have launched their own websites and periodical publications is one of the fundamental components for public availability of information, a number of strategically important entities, such as the Ministry for Economic Development, the Clearinghouse, the State Statistics Committee, SOFAZ have not created their own press organs so far, while the Ministry for Industry and Energy has launched neither its press organ nor website.
- *Second*, the survey outcomes showed that some government-linked entities are insufficiently aware of the EITI program. Since although three entities – the Ministry of Taxes, the Ministry for Ecology and Natural Resources, and the Ministry of Finance – are members of the National Commission for EITI, they have poor access to the initiative. Officials representing the Ministries of Taxes and Finance noted that they had never been involved in EITI in any form, while an official at the Ministry for Ecology and Natural Resources stated that this entity discloses information which is necessary for its partners.
- *Third*, it turned out that two entities - the Ministry of Finance and the Clearinghouse, which demanded for detailed information on EITI – were not fully aware of the initiative. In addition, the Ministry of Finance (member of the National Commission) and the Ministry for Ecology and Natural Resources have not been sufficiently provided with information on the NGO Coalition, established as part of the campaign.

# ASSESSMENT OF SURVEY OUTCOMES (CONTINUED)

- *Fourth*, the survey showed that although significantly large materials related to EITI have been published on the Internet, concerned public sector entities are reluctant to have access to the very sources. Since of all entities surveyed, only three entities - the Ministry for Ecology and Natural Resources, the Clearinghouse, and the Ministry for Taxes- admitted that explore websites to obtain information on EITI, including the activity of the NGO Coalition in that direction.
- *Fifth*, the level of the approach of government-linked entities to the activity of the NGO Coalition with respect to objectivity and professionalism is unsatisfactory. Since although the majority of respondents surveyed reported the activity of both local and foreign EI companies is not transparent, they have not sought to present arguments in any form. Only two entities– the State Statistics Committee and the Ministry for Ecology and Natural Resources have slightly assessed problems that prevent the foreign companies in Azerbaijan from ensuring transparency. None of the entities surveyed have expressed opinion in terms of local companies. In fact, if there are problems with greater transparency, then they should have adequately provided the official assessment on those problems. This approach has been found in the problems between the government-linked entities and companies.

The Attitude of NGOs and  
Media to the Extractive  
Industries Transparency  
Initiative Campaign

# SURVEY OVERVIEW

- The survey conducted to this end has involved 46 respondents, of which 27 are NGOs, 19 are media outlets. Because 18 of the NGOs are members of the NGO Coalition for EITI and the other nine respondents show interest for access to information on the initiative, they have been involved in the survey.

# OBJECTIVES

All respondents (both NGOs and media) surveyed were asked to answer 11 questions. The questions have been grouped into the blocks below:

- To determine the availability of information on oil revenue payments to respondents; their attitude to opportunities for public awareness and potential public oversight in that direction
- To investigate the attitude of respondents to the level of transparency at EI companies and to concretize their positions on problems that impede greater transparency
- To study the attitude of respondents to the level of transparency commitments by government-linked entities that supervise the extractive sector and to concretize their positions on challenges that impede greater transparency
- To study the attitude of respondents to the level of transparency in the activity of the NGO Coalition for EITI and to concretize their positions on challenges that impede greater transparency
- To rate the attitude of respondents to strides that are taken forward on transparency in EITI implementation.

# ASSESSMENT OF SURVEY OUTCOMES

- Most of local NGOs and media outlets are poorly equipped with the latest technologies to have maximum access to information.
- Public availability of information is still provided chiefly by means of unofficial methods.
- The level of accountability in their activities in terms of processing and delivering information to the public is inadequate.
- Opportunities for the public to exercise oversight of extractive industry revenue payments have been provided at a real low level.
- Most NGOs and media outlets believe that extractive industry companies and related government-linked entities in Azerbaijan do not address greater transparency in their activities.
- Most NGOs and media outlets believe that major problems between the government and EI companies in the country are due to an insufficient amount of accountability and confidence in their activities as well as lack of opportunities for reporting in a full and timely manner.

# Thanks You



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