Managing resource revenues for economic development

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Natural Resource Charter
The chain of decisions

- Overarching issues of governance
- Discovery and planning
- Capturing the value
- Managing the revenue
- Investing for development

Natural asset → Cash asset → Reproducible asset
Transparency is the right place to start:

Companies Disclose Payments

Government Discloses Receipt of Payments

Overarching issues of governance

Discovery and planning

Independent Verification of Tax & Royalty Payments “LEITI report”

Managing the revenue

Investing for development
Natural Resource Charter is a tool to examine entire chain of decisions.
The chain of decisions

Overarching issues of governance

Discovery and planning

Capturing the value

Managing the revenue

Investing for development

Natural asset → Cash asset → Reproducible asset
The Desired Policy Package

- 3 Policy clocks:

  - **Depletion**
  - **Investing in Investing**
  - **Riding commodity price tiger**

Timeframe:
- A generation
- A decade
- Erratic
The Desired Policy Package

• 3 Policy choices:

<table>
<thead>
<tr>
<th>Depletion</th>
<th>Investing in Investing</th>
<th>Riding commodity price tiger</th>
</tr>
</thead>
<tbody>
<tr>
<td>How much to spend?</td>
<td>What spending can best build absorptive capacity?</td>
<td>What mix of instruments to use to manage revenue volatility?</td>
</tr>
<tr>
<td>How much to convert to assets?</td>
<td>(park some abroad?)</td>
<td>(stabilization fund? hedging?)</td>
</tr>
</tbody>
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The Desired Policy Package

• 3 Policy narratives:

**Depletion**
Ensuring a legacy for the next generation

**Investing in Investing**
Job creation from investment in wider economy

**Riding commodity price tiger**
Putting revenue aside for a rainy day
Political Tripod

• Rules
• Institutions
• Critical mass of informed citizens