COURSE STRUCTURE AND STANDARD SYLLABUS

Course Topic: Inclusive Growth and Structural Policies

Course Title: Macroeconomic Management in Resource-Rich Countries (MRC)

Course Description: This course, presented by the IMF’s Institute for Capacity Development, focuses on macroeconomic policy issues and challenges faced by resource-rich countries (RRCs). The course provides participants with an understanding of: the macroeconomics of growth and diversification; managing fiscal policy; macroeconomic policy coordination; and managing public-sector assets; in RRCs. The course uses lectures, hands-on workshops, debates, case studies, and various online modules to achieve the following objectives.

Course Objectives: Upon completion of this course, participants should be able to:

- Analyze economic performance in resource-rich countries, in particular, in terms of growth, diversification, inclusiveness, and sustainability.
- Design fiscal frameworks, in particular, applying appropriate fiscal benchmarks to determine whether to consume, save, or invest the proceeds from the sale of natural resources.
- Identify the appropriate macroeconomic policy response to commodity price shocks.
- Ensure greater transparency in the management of natural resources, and develop appropriate institutional structures for Sovereign Wealth Funds.

Target Audience: Mid- to senior-level officials from central banks, ministries of finance and other relevant government agencies involved in the design and execution of policies in resource-rich countries.

Qualifications: Participants are expected to have an advanced degree in economics or equivalent experience. Participants may be required to complete online modules prior to the start of the course.

Performance Evaluation: Two multiple-choice quizzes will be given, one at the beginning of the course and another at the end, to ascertain participants’ progress.

Topics (Core Units)

1. Introduction to the course

Part I. The Macroeconomics of Growth and Diversification in Resource-Rich Countries

2. Commodity markets
3. Economic growth and natural resources
4. Economic diversification and natural resources
5. Natural resources and inclusive growth

**Part II. Managing Fiscal Policy in Resource-Rich Countries**
6. Fiscal regimes in resource-rich countries
7. Simple fiscal benchmarks: How much to extract, consume and save?
8. Fiscal frameworks in resource-rich countries
9. Case studies of fiscal frameworks
10. Energy subsidy reform

**Part III. Macroeconomic Policy Coordination in Resource-Rich Countries**
11. Monetary and exchange rate regimes in resource-rich countries
12. Macroeconomic and financial policies to deal with resource flows

**Part IV. Managing Public-Sector Assets in Resource-Rich Countries**
13. Sovereign Wealth Funds
14. Transparency in the management of natural resources

**Topics (Auxiliary units): Regional customization**
The core units are designed to be offered in all regions. Auxiliary units may be customized to the region where the course is delivered, and may feature country-specific examples.

**A1. (For Headquarters)** A conversation with IMF mission chiefs and TA providers on resource-rich countries.

**A2. (For CEF)** Expand the discussion of Sovereign Wealth Funds (SWF) to allow for a more thorough treatment of central-bank reserve management, in countries where the central bank acts like a SWF.

**A3. (For JVI)** Trip to OPEC HQ or other activities.

**A4.** Guest lecturers from the region (from RTACs, resident representatives, experts, the authorities; may for instance present the IMF’s *Regional Economic Outlook*)
COURSE PROGRAM
MACROECONOMIC MANAGEMENT IN RESOURCE RICH COUNTRIES

Day 1

15 minutes  Opening Session: Introductory Remarks

45 minutes  Initial Test

1.5 hours  Introduction to the Course
• Natural resources: definition, size, traits, importance
• The resource curse and the political economy of resource management
• Managing macroeconomic policy in Resource-Rich Countries (RRCs)

1.5 hours  Commodity Markets
• A historical analysis of commodity markets
• Characteristics of commodity prices and sub-soil reserves
• Recent evolution and outlook for commodity markets: prices and quantities

1.5 hours  Workshop: Commodity Markets
• Commodity prices and commodity revenues: volatility, fiscal and balance of payment dependence
• Natural resources: exhaustibility, proven reserves, governance indicators
• Oil price uncertainty: Learning to read price fan charts and stochastic commodity price simulations

Day 2

3 hours  Economic Growth and Natural Resources
• Theories of growth, and evidence in RRCs
• Key drivers of growth and role of resource abundance
• How to promote and sustain growth in RRCs
### Day 3

**1.5 hours**  
**Economic Diversification and Natural Resources**  
- What is economic diversification?  
- Why diversify?  
- How to diversify?

**1.5 hours**  
**Workshop: Economic Diversification and Natural Resources**  
- Use diversification tools and analytics to ascertain extent of diversification in RRCs.  
- Explore growth implications of diversification  
- Discuss political economy constraints to diversification.

**1.5 hours**  
**Natural Resources and Inclusive Growth**  
- Inclusive growth: Definition and measurement  
- Why is it relevant to RRCs?  
- What policies promote inclusive growth in RRCs?

**1.5 hours**  
**Participants’ Debate**  
Participants to be split into groups, and debate pros and cons of various current policy issues facing RRCs

### Day 4

**3 hours**  
**Fiscal Regimes in Resource-Rich Countries**  
- Key objectives of fiscal regimes for extractive industries  
- Types of fiscal regimes and international experience with different fiscal regimes  
- Evaluating and modeling fiscal regimes

**1.5 hours**  
**Workshop: Fiscal Terms for Resource Extraction**  
- Reinforce concepts discussed during the lecture.  
- Optional prerequisite: online course on fiscal regimes.
### Simple Fiscal Benchmarks: How Much to Extract, Consume, and Save?
- How much to extract? The Hotelling rule
- Simple fiscal benchmarks and their limitations: theory and country experiences
- Role of public investment

### Day 5

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<tr>
<th>Time</th>
<th>Session</th>
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<tr>
<td>1.5 hours</td>
<td><strong>Fiscal Frameworks in Resource-Rich Countries</strong></td>
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<td>Fiscal frameworks: definition and building blocks</td>
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<td>Managing volatility and exhaustibility: fiscal anchors, depletion horizon, the IMF’s fiscal sustainability framework, and precautionary motives</td>
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<td>Effective mobilization and use of resources: a broader tax base, scale and composition of spending, and role of fiscal institutions</td>
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<td>3 hours</td>
<td><strong>Workshop: Fiscal Sustainability—Fiscal Benchmarks and Fiscal Frameworks</strong></td>
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<td>Apply different fiscal frameworks (PIH, BIH, modified PIH, FSF, and commodity price rules supplemented with a fiscal anchor) to data from a fictitious country.</td>
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<td>Analyze implications for fiscal aggregates (such as the deficit, government spending, and the government’s net foreign asset position) under various shocks to oil prices, interest rate, reserves, and growth.</td>
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<td>Optional prerequisite: online course on basics of fiscal aggregates for RRCs.</td>
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<td>1.5 hours</td>
<td><strong>Fiscal Frameworks: Case Studies: Botswana, Norway, Chile (optional: Timor-Leste, Mexico)</strong></td>
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<td>Botswana: Fiscal framework with a Golden rule</td>
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<td>Norway: Fiscal framework with a BIH rule</td>
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<td>Chile: Fiscal framework based on structural balance</td>
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<td>Timor-Leste: Example of PIH</td>
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<td>Mexico: Example of hedging commodity prices</td>
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### Day 6

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<tr>
<td>1.5 hours</td>
<td><strong>Workshop: Fiscal Rules to Manage Resource Revenue Volatility</strong></td>
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<td>• Calculating various structural commodity-price rules</td>
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<td>• Calculating structural primary expenditure and evolution of stabilization fund</td>
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<td>• Comparing volatility vs. size of stabilization fund across different rules</td>
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<td>1.5 hours</td>
<td><strong>Monetary and Exchange Rate Regimes in Resource-Rich Countries</strong></td>
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<td>• Real exchange rate: concept and relevance in RRCs</td>
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<td>• Monetary policy frameworks and exchange rate regimes: which ones are appropriate in RRCs?</td>
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<td>• Dutch disease in RRCs and interaction with regime choice</td>
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<td>1.5 hours</td>
<td><strong>Macroeconomic and Financial Policies to Deal with Resource Flows</strong></td>
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<td>• Macro policy toolkit for resource-rich countries</td>
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<td>• Policy mix and sources of vulnerabilities</td>
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<td>• Country examples</td>
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<td>1.5 hours</td>
<td><strong>Workshop: Case Study of Coordination of Monetary, Exchange Rate and Fiscal Policies</strong></td>
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<td>• Analyze Russia’s macroeconomic policies during a period of high world oil prices and a booming economy</td>
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<td>• Assess whether policy mix was appropriate</td>
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<td>• Regional customization: case study of Nigeria</td>
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### Day 7

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<td>1.5 hours</td>
<td><strong>Participants’ Presentations: Fiscal Frameworks</strong></td>
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<td>• Fiscal frameworks and fiscal regime for extractive industries in participants’ countries</td>
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<td>1.5 hours</td>
<td><strong>Sovereign Wealth Funds (SWFs)</strong></td>
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<td>• What form may SWFs take, and how do they differ from central-bank reserves?</td>
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<td>• Why might SWFs be desirable in RRCs?</td>
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<td>• Relationship to the budget</td>
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<td>• SWF’s asset allocation</td>
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| 1.5 hours | **Transparency in the Management of Natural Resources**  
|          | - What is transparency and why is important?  
|          | - Key elements of resource revenue management chain  
|          | - What are good practices & policies that promote transparency? |
| 1.5 hours | **Energy Subsidy Reform**  
|          | - Energy subsidies: definition, size, and implications  
|          | - Barriers to subsidy reform, and issues in reform design  
|          | - Country experiences |

### Day 8

| 1.5 hours | **Quiz Game**  
|          | - Review course content |
| 1.5 hours | **Preparation of Participants’ Final Presentations** |
| 3 hours   | **Preparation of Participants’ Final Presentations** |

### Day 9

| 3 hours   | **Preparation of Participants’ Final Presentations** |
| 1.5 hours | **Preparation of Participants’ Final Presentations** |
| 1.5 hours | **Course Evaluation and Final Test** |

### Day 10

<p>| 1.5 hours | <strong>Participants’ Final Presentations</strong> |
| 1.5 hours | <strong>Concluding Session and Presentation of Certificates</strong> |</p>
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  En français : « Matières premières : Historique et perspectives ».

**Optional / optionnel**


### Economic Growth and Natural Resources

**Croissance économique et ressources naturelles**

**Suggested / suggéré**

- Selassie, Abede Aemro, 2017, « Cause commune pour la stabilité et la croissance durable en Afrique centrale ».

**Optional / optionnel**

### L–4 Economic Diversification and Natural Resources
**Diversification économique et ressources naturelles**

**Suggested / suggéré**

**Optional / optionnel**

### L–5 Natural Resources and Inclusive Growth
**Ressources naturelles et croissance inclusive**

**Suggested / suggéré**

**Optional / optionnel**

### L–6 Fiscal Regimes in Resource-Rich Countries
**Régimes fiscaux dans les secteurs extractifs**

**Suggested / suggéré**
### Simple Fiscal Benchmarks: How Much to Extract, Consume, and Save?

**Repères budgétaires simples : combien extraire, consommer et épargner?**

**Suggested / suggéré**

- Gupta, Sanjeev, Alex Segura-Ubiergo, and Enrique Flores, 2014, « *Le partage de la richesse* », *Finances & Développement*.

**Optional / optionnel**

- Cherif, Reda, and Fuad Hasanov, 2012, “*Oil exporters’ dilemma: How much to save and how much to invest,*” VOX, CEPR’s Policy Portal.

### Fiscal Frameworks in Resource-Rich Countries

**Cadres budgétaires dans les pays riches en ressources naturelles**

**Suggested / suggéré**

### Fiscal Frameworks: Case Studies: Botswana, Norway, and Chile

**Cadres budgétaires : études de cas : Botswana, Norvège et Chili**

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<th>Optional / optionnel</th>
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<tr>
<td>Frankel, Jeffrey, 2012, “Chile’s Countercyclical Triumph,” <em>Foreign Policy</em>.</td>
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### Monetary and Exchange Rate Regimes in Resource-Rich Countries

**Régimes monétaires et de change dans les pays riches en ressources naturelles**

<table>
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<th>L-10</th>
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En français : « À quoi sert le taux de change réel ? ». |
En français : « Le mal hollandais : Un surplus de richesses mal géré ». |
En français : « À quoi sert le taux de change réel ? ». |

### Macroeconomic and Financial Policies to Deal with Resource Flows

**Politiques macroéconomiques et financières permettant de gérer les flux de ressources**

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“External Sector Assessments for Natural Resource Producers”.


**Optional / optionnel**


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<tr>
<th>L–12</th>
<th>Sovereign Wealth Funds</th>
<th>Fonds souverains</th>
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<td><strong>Suggested / suggéré</strong></td>
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**Optional / optionnel**


- Wills, Samuel, Rick van der Ploeg, Ton van den Bremer, 2014, “Norway is right to reassess its Sovereign wealth fund,” VOX, CEPR’s Policy Portal.


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<tr>
<th>L–13</th>
<th>Transparency in the Management of Natural Resources</th>
<th>Transparence de la gestion des recettes issues des ressources naturelles</th>
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<tr>
<td>Natural Resource Governance Institute, 2017</td>
<td><em>Resource Governance Index.</em></td>
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**Optional / optionnel**


**L-14 Energy Subsidy Reform**

**Réforme des subventions énergétiques**

**Suggested / suggéré**


**Optional / optionnel**

- IMF and Reforming Energy Subsidies website, a collection of IMF works on energy subsidies and their reform.