



RWI: Some basics

Securing the Benefits of Natural Resources

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Basics on RWI in natural resource governance

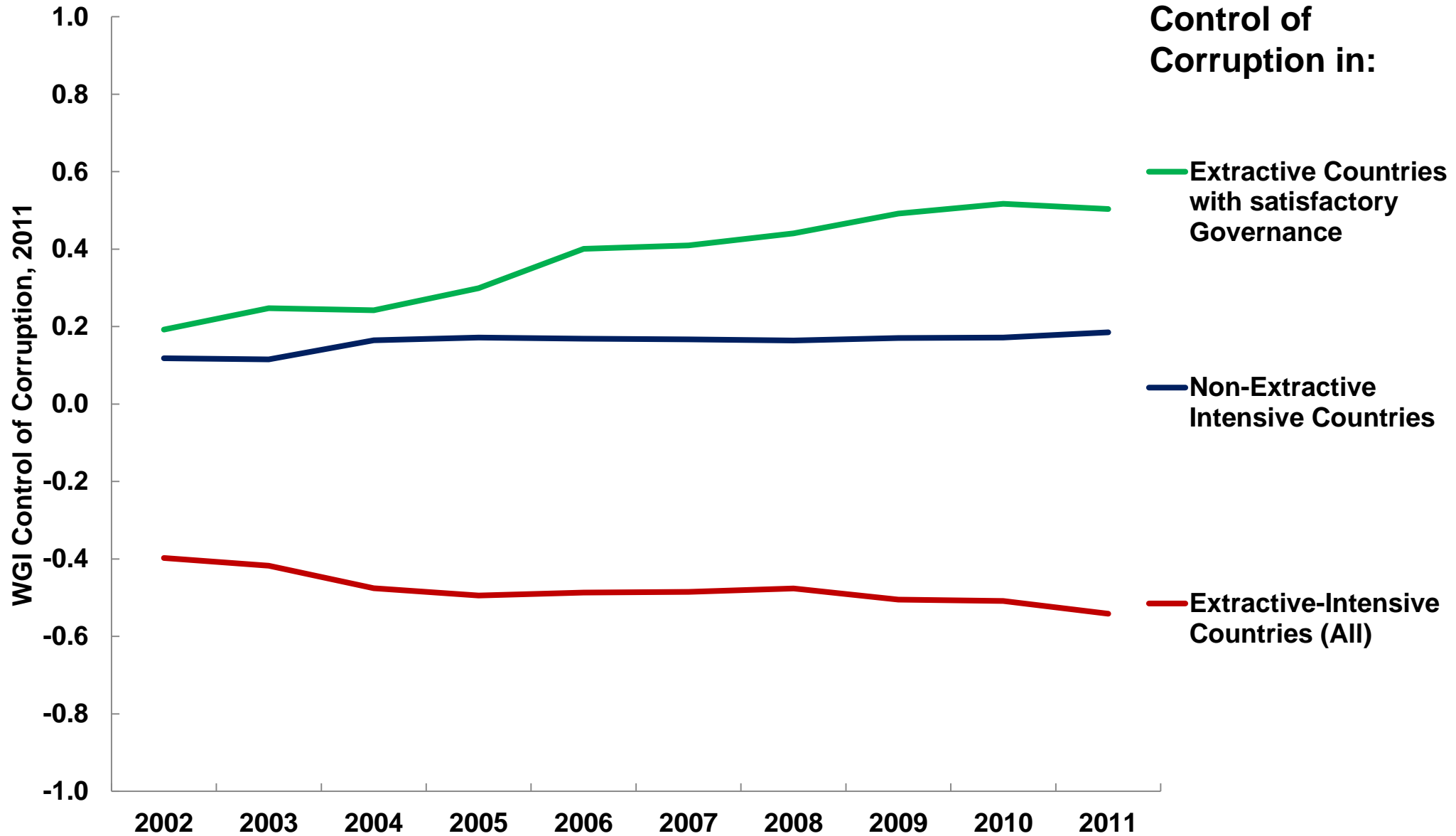
- **Why are we in this?**
- **What do we do?**
- **Where do we want to go next?**
- **Multi-stakeholder approach, partnering**
- **Attaining further impact: combining analysis, capbuiding, TA, civsociety support, advocacy -- *as an in-country catalyst?***
- **Power of data, of intellectual capital, incl NRC**

Basic Question: extractives as a resource curse or a resource blessing (*or a resource question*)

Longstanding central question:

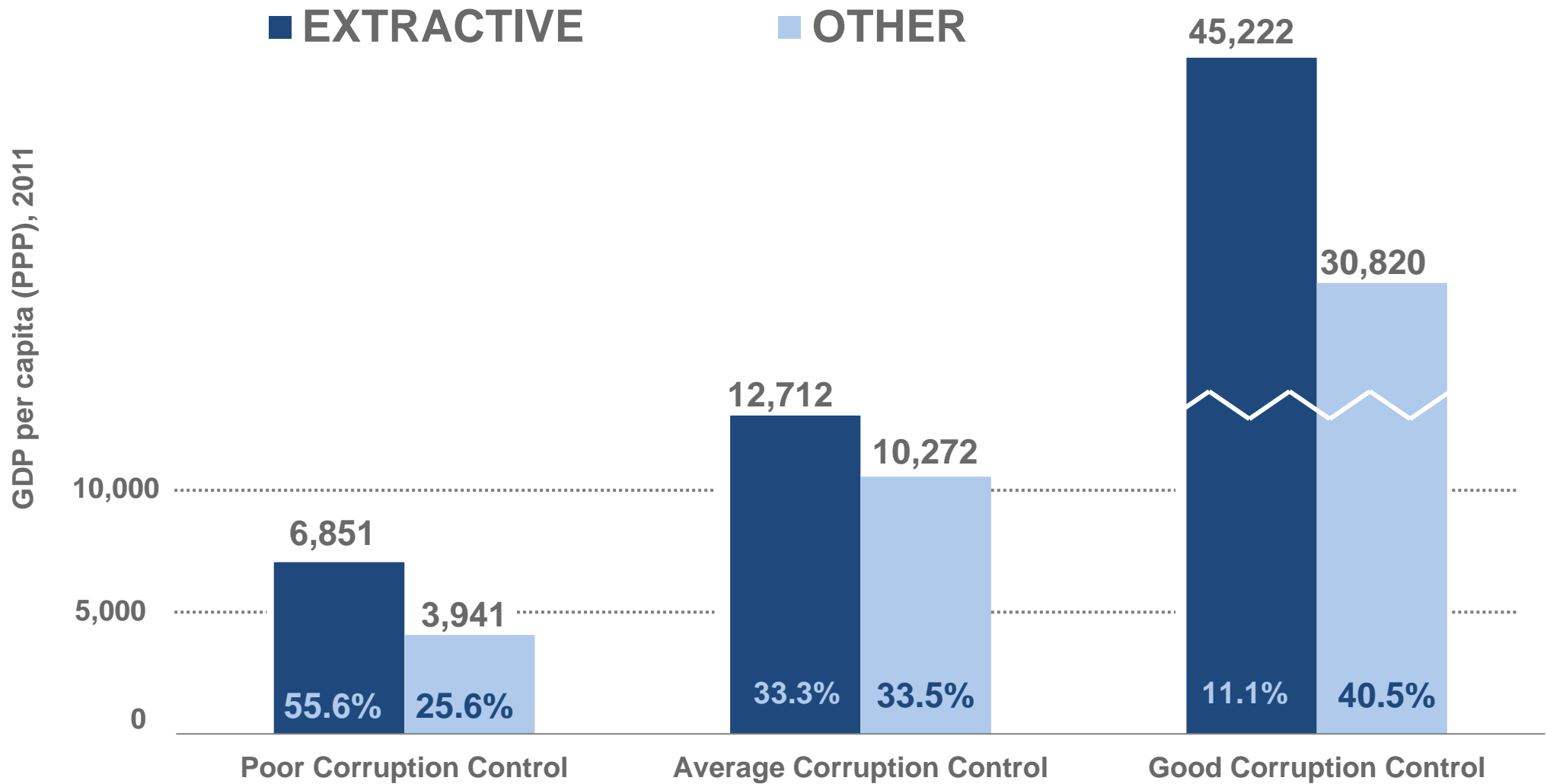
- 1. Natural resources foster worse institutions? *or,***
 - 2. Worse institutions foster worse natural resource management outcomes?**
 - If 1 is the case: extractives are a deterministic curse**
 - If 2 is the case: it can go either way – *it depends***
- Literature not fully conclusive, but stronger case for the latter (#2): resource curse not foregone conclusion**
- Challenge larger when governance *already weak***
- And excessive dependency on natural resources *exacerbates* governance problems when they exist**

Trends in Governance among Extractive and Non-Extractive Intensive Countries, 2002-2011: Control of Corruption



Source: Worldwide Governance Indicators, 2012. The extractive countries with satisfactory control of corruption trend line (atop) includes a dozen countries.

GDP per Capita in Extractive-Intensive & Other Countries, by Control of Corruption Tercile Groups, WGI 2011



Note: The percentages inserted in each dark blue column represent the % of all extractives that belong to each control of corruption tercile (poor, average, good). Similarly, for light blue columns, the % of all other countries in each control of corruption category.

Sources: Corruption Control data from Worldwide Governance Indicators (WGI), 2012. IMF 2010 Report on Resource-Intensive Countries. GDP p.c. from World Bank World Development Indicators, 2012. Countries were grouped into terciles based on the WGI control of corruption score for the sample of all countries in the world.

RWI

- **RWI helps extractive-rich countries address their governance challenges in oil, gas and minerals.**
- **An increasingly comprehensive approach to improving the governance and development of natural resources**
- **Engaging with all key stakeholders among governments, citizens and national and international oil, gas and mining companies**
- **+ New capacity building programs with parliaments and media**
- **Working in dozens of countries in Africa, the Americas, East and Central Asia. Offices in each region.**
- **Intensive engagement in 12-15 countries: Afghanistan, Azerbaijan, Bolivia, Indonesia, Iraq, Ghana, Guinea, Liberia, Libya, Peru, Sierra Leone, Tanzania, Uganda**
- **Supports local NGOs, provides TA to governments, capacity building to various stakeholders, and performs policy analysis.**

Broken Links:

Getting a good deal

Revenue
collection

Revenue
management

Sustainable
development

DRC

1/16th of the
***total asset
value***

Zambia

1 out of 12
mining
companies
***pay profit
tax***

Cameroon

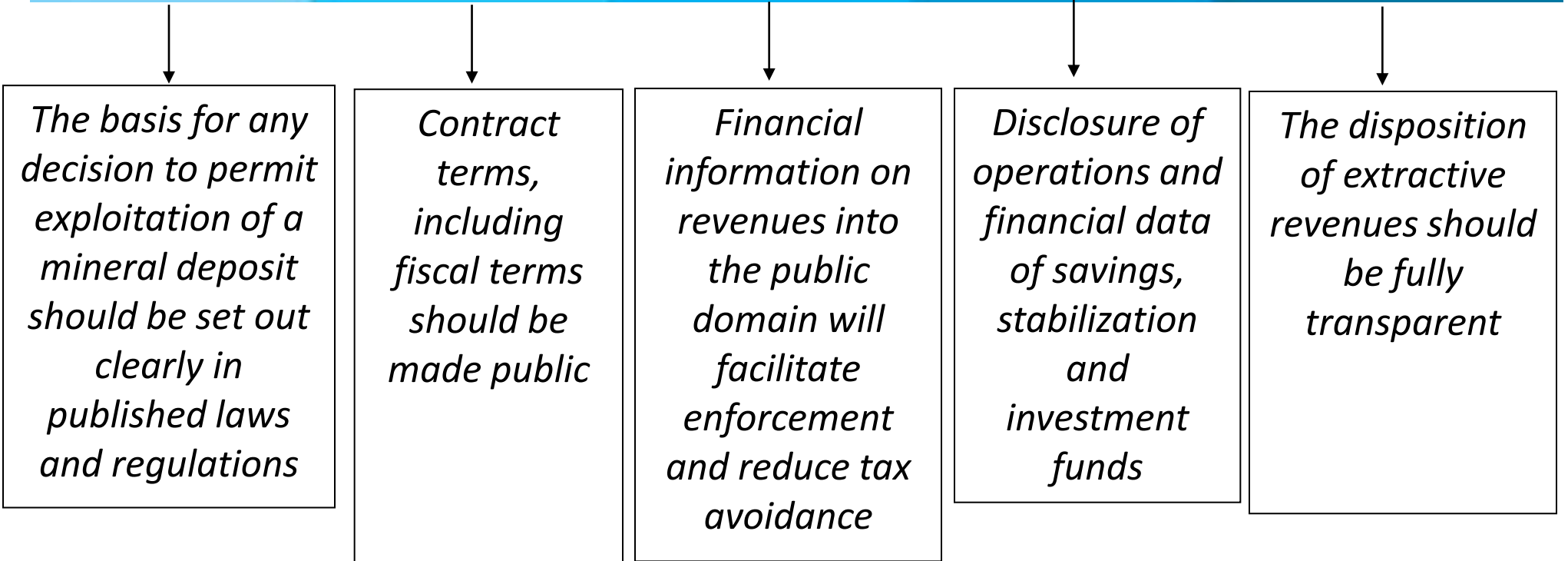
\$27 billion
oil rent
=
**7 year
recession**

EG

\$15,000
per capita GDP
YET
76%
population
below poverty
line

WHICH AREAS SHOULD BE TRANSPARENT?

Transparency across the **value chain**



Government Assistance

- Government Assistance on legal/economic/strategic issues, including legislative drafting and policy reform to contract modeling and negotiation support.
- **Portfolio in 16 resource rich countries:** Afghanistan, Bolivia, Ghana, Guinea, Indonesia, Iraq, Liberia, Libya, Mongolia, Nigeria, Peru, Philippines, Sierra Leone, Tanzania, Timor Leste and Uganda

Getting a Better Deal.

- Advice on oil and mineral fiscal policy
- Counsel countries on the development of fiscal legislation
- Support on contract negotiations (w/ law firms & mining engineers)
- Example: RWI helped a government secure a 20 percent increase in its expected share of revenues from major mining projects.

Institutional Arrangements, Transparency and Accountability.

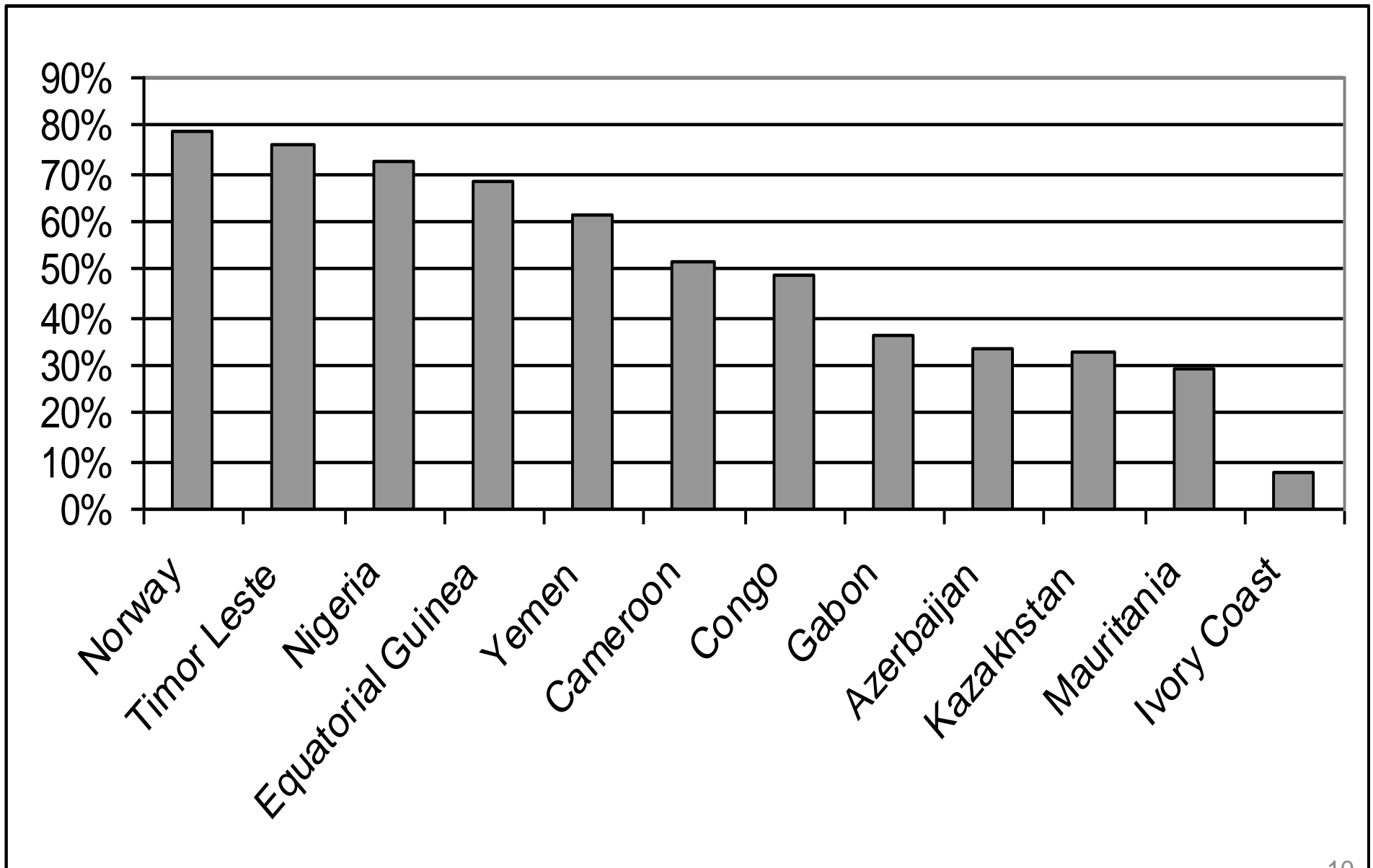
- Design of rules and institutions that promote effective and accountable sector .
- Example: advice to a major oil producer on the design of licensing rounds

Managing Volatile Resource Revenues.

- Advice on the establishment of transparent revenue management legislation
- Example: RWI advised an oil-rich country on reforms of oil revenue management system, helping country mobilize additional revenue for domestic investment + promoting transparency standards & protections vs over-spending.

DO GOVERNMENTS GET A GOOD DEAL?

Average Government share from oil producers



Regional Capacity Building and Training Hubs

- An informed, active citizenry is critical to good governance in countries rich in oil, gas and minerals.**
- Promoting strategies for oversight of these industries, RWI has regional hubs in partnership with academic institutions to offer training and support to oversight groups.**
- In partnership with the Natural Resource Charter, Oxford University, Duke University and the Central European University, RWI is also developing a training program for government officials from resource rich countries.**
- 1st hub in 2008 (Africa) ; 4 in 2012 (2 in Africa, 1 in Latin America, 1 in Central Asia); 6 in 2013 (Asia and MENA)**
- Hundreds of trainees from 25 RWI in recent times**

Evidence-based Advocacy & Analytical Work

Evidence-based Advocacy

- A leader in advancing good resource governance, internationally and nationally
- Example: US Dodd-Frank; EU Transparency Directive; EITI in Iraq, Afghanistan, US
- RWI helped build PWYP network and has trained & supported civil society coalitions to participate in the multi-stakeholder processes such as EITI

Analytical Work

- Applied policy research and analytical work on natural resource management.
- **RWI Index (later session)**
- **Databank on minerals management**
- EITI rule changes, the divergent quality of EITI reports, and the first comparative analysis of revenue data from EITI reports.
- EITI online data tool assesses quality of 57 reports from 28 countries against a common set of quality indicators, for cross-country comparison of revenue data.
- Policy briefs and empirical reports on natural resource governance in resource rich economies from Ghana to Iran, Liberia, Nigeria and Russia.

Some forward-looking tenets for discussion:

Towards next level on impact on the ground

- 1. Multi-stakeholder, collective action approach: working more in tandem with gov'ts, civil society, parliaments, media, private sector**
- 2. Partnerships with organizations in natural resource governance field: NRC, SPP/CEU, EITI, PWYP, GW, Industry groups, OGP, Oxfam, ONE, IFIs, etc.**
- 3. NRC as a potent diagnostic tool in our work: further integration?**
- 4. From rigorous analysis to concrete action and policy-making: evidence-based -- *including development of databank, indices***
- 5. Multi-pronged & integrated products: capacity building, T.A., local NGO grants, operational research, policy analysis & advocacy**
- 6. Expanding scope of work within the natural resource value chain + deeper onto rest of governance (beyond narrow transparency)**

Ex. of ongoing program: Course 'Reversing the Resource Course: Theory & Practice'