

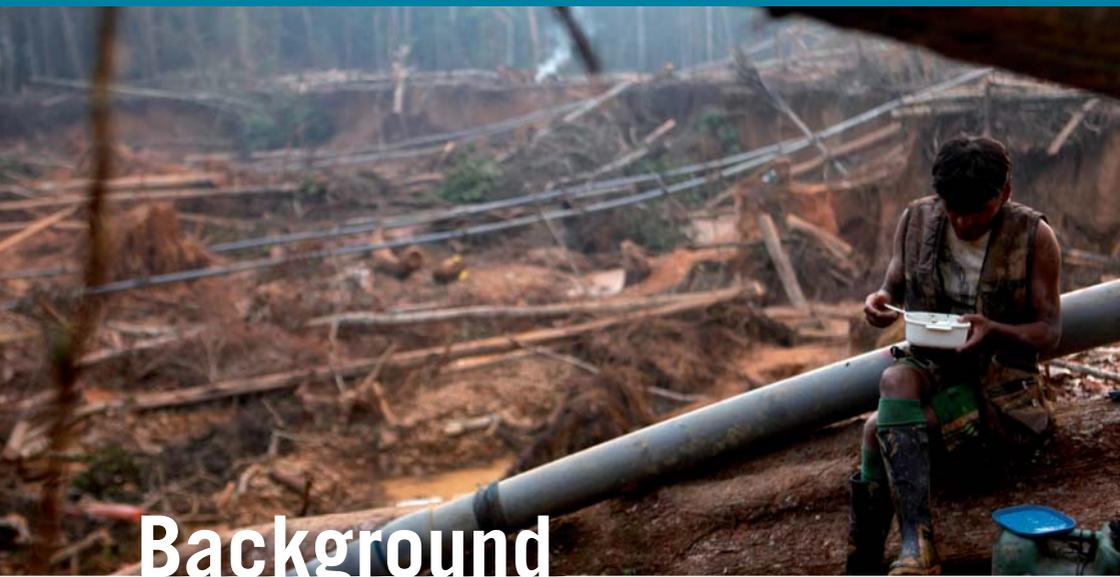
Reversing the Resource Curse: Theory and Practice

An SPP–NRGI Course

— Year 6 —

15–26 April 2018 | Budapest, Hungary





Background

The effort to promote transparency and good governance in resource-rich countries has gained significant momentum over the last decade and made substantial progress. At the same time, the degree to which this agenda finds more than rhetorical support from political elites is questionable. It is equally unclear whether civil society, the media, and parliaments in developing countries are sufficiently well-informed to take full advantage of transparency for more effective oversight. The persistent disconnect between the governance research community and practitioners also hinders innovation in specific contexts.

In this light, the School of Public Policy at Central European University (SPP) and the Natural Resource Governance Institute (NRGI) designed this two week course to take place in April 2018 to equip a pool of exceptional individuals from government, civil society, parliaments, media, international development

agencies, and the private sector, as well as academics, researchers, and analysts, with the knowledge and tools necessary to help reverse the “resource curse.” Specifically, the course will examine the political economy of governance in resource-rich states and explore how it impacts domestic policy debates and practice. The course also offers practical lessons for policy improvement, based on both best practices from around the globe and exchanges among participants.

Using the Natural Resource Charter as a framework and focusing on rigorous analysis and advanced techniques, the course is designed primarily for individuals who already have a solid understanding of the subject matter but are seeking to enhance their knowledge and skills to play a more prominent role in developing, monitoring, and/or evaluating the mining and petroleum sectors in specific countries or globally.



The Course



Using the Natural Resource Charter as a framework, the course covers:

- 1) **Designing and Evaluating Fiscal Regimes,**
- 2) **Distributing, Managing and Spending Resource Revenues, and**
- 3) **The Political Economy of Policymaking in Resource-Rich States.**

All participants will attend sessions on the political economy of policymaking in resource-rich states and a basic overview of all policy issues. Thereafter, they will be asked to choose one of two paths:

**Path 1: Getting a Good Deal:
Designing and Evaluating Fiscal Regimes**

Path 2: Distributing, Managing, and Spending Resource Revenues

Path 1: Getting a Good Deal: Designing and Evaluating Fiscal Regimes

A properly designed fiscal regime (i.e., the range of tax, royalty, and other revenue collection tools used by governments) can attract investments and secure substantial resources that can be used to fund development. However, the challenges to good fiscal regime design can be formidable and the choice of a fiscal regime involves significant trade-offs. There is no “one-size-fits-all” model. Understanding the trade-offs and effectively evaluating policy choices is therefore an essential skill, particularly as a significant drop in commodity prices is triggering a wave of tax reforms.

There will be a plenary session on designing fiscal regimes and resource contracts for all participants to explore the economic theory underpinning the most commonly used fiscal tools in a government’s arsenal. Course participants will gain a better understanding of the key features of these tools, their similarities and differences, and the challenges of administering taxes and effectively collecting revenues. Participants who choose **Path 1** will be able



to dive deeper into these issues and develop key practical and analytical skills. Their time will be evenly divided between classroom lecture and group work. In guided workshop sessions, **Path 1** participants will learn to read and use Excel-based models to evaluate and compare different fiscal regimes, make investment decisions, forecast revenue streams and assess risks of revenue leakages.

Participants will also learn how to use standardized models developed by NRGi to inform policy analysis and decision-making through a mock negotiation exercise. Courses and exercises covered in **Path 1** will include licensing and allocation of rights and links to cost-benefit analyses, institutional capacity, revenue management, state-owned companies, and political economy considerations, providing participants with a nuanced and practical understanding of tax policy in resource-rich countries.



Path 2: Distributing, Managing, and Spending Resource Revenues

In resource-rich countries, oil, gas, and mineral revenues offer opportunities to accelerate economic development and reduce poverty. At the same time, their unpredictability, volatility, and size relative to the rest of the economy, as well as their finite nature, can create perverse incentives, complicating economic management and in some cases actually impeding development. Common challenges include over-dependence on a single source of revenue, overborrowing, followed by debt crises, poor quality public investment, destabilizing “boom-and-bust” cycles, redirection of funds to special interests, patronage, nepotism, and conflict between national and subnational authorities.

Participants in **Path 2** will explore how to analyze these problems and overcome them. Sessions will examine the causes of weak development outcomes in resource-rich environments and elaborate on some available tools to improve the distribution, management, and use of oil, gas, and mineral revenues. These tools include: rules describing revenue distribution to the national budget, special funds, sub-national jurisdictions, and state-owned companies; rules



controlling the amount of resource revenues that enter the domestic economy; public accountability mechanisms for revenue and expenditure management; and formulation and implementation of national and sub-national development plans. **Path 2** participants will also examine how national and local economies can benefit from the presence of extractive companies through implementation of “local content” policies and shared-use infrastructure.

Sessions will focus on practical policy options rather than academic research. They will prepare course participants to analyze revenue distribution and management systems and provide advice to policymakers on specific saving and spending choices.

The Political Economy of Policymaking in Resource-Rich States

All course participants will explore different political economy trajectories of domestic governance in resource-rich states. The main goal is to introduce analytical tools of political economy to enhance understanding of the crucial impact of politics and power on policy outcomes. Participants will be exposed to case studies and interactive exercises and assess how political dynamics shape policy in countries relevant to their work. Along with identifying risks—such as the political inconvenience of saving, or principal-agent problems associated with national oil companies—the course will suggest tools that actors can use to better understand their roles within the political landscape and mitigate obstacles to reform. Experts will also discuss the deficits in good governance and transparency that pervade many resource-rich countries, explore their implications, and provide an update on global efforts (such as various transparency initiatives) to remedy the deficits.

Week One (15–20 April 2018)

All	Path 1: Getting a Good Deal: Designing and Evaluating Fiscal Regimes			Path 2: Distributing, Managing & Spending Resource Revenues		
	Sunday 15 April	Monday 16 April	Tuesday 17 April	Wednesday 18 April	Thursday 19 April	Friday 20 April
	Arrival of participants	Overview	Political economy	Distributing, managing & spending resource revenues	Designing and evaluating fiscal regimes	SOEs and licensing
9.00–9.15	Welcome remarks Overview of the course					
9.15–10.45	Framing the challenge: the decision chain of natural resource management					
11.15–12.45	Policy levers for reform (rules, institutions, informed citizens)					
13.45–15.15	Analysis to Action: benchmarking					
15.45–17.00	Analysis to Action: benchmarking (sharing between peers)					
17.30–19.00	Optional clinics with experts					
19.30–	Boat tour & welcome reception					

Week Two (23–26 April 2018)

	Monday 23 April	Tuesday 24 April	Wednesday 25 April	Thursday 26 April
	(Parallel paths begin)			
9.00–9.15	Recap			
9.15–10.45	Fiscal regime – conceptual building blocks to fiscal modeling	Resource revenue sharing		Local content and shared infrastructure
11.15–12.45	Tax analysis exercise 1 – designing a fiscal regime	Addressing tax avoidance	Sovereign wealth funds and other extra-budgetary funds	Local benefits negotiation exercise
13.45–15.15	Tax analysis exercise 2 – private sector perspective	Addressing tax avoidance – exercise	Sovereign wealth fund and revenue sharing exercises	Contract negotiation game
15.45–17.15	Tax analysis exercise 3 – State participation	Macroeconomic management exercise		Development strategies at the local and national levels
17.30–19.00	Optional clinics with experts			
19.30–	Farewell dinner			



Jeff GEIPEL

**Mining Shared Value Venture Leader
Engineers Without Borders | Canada**

“It is a really fantastic course that is useful for people with different experience levels. It does an amazing job of covering all the key topics, and for those with more experience it acts as a great way of filling in gaps in your knowledge. Probably the best part is the brilliant group of people from all over the world.”

Roshelle RAMFOL

**Academic
Durban University of Technology | South Africa**

“The course presented a well-articulated policy analysis of the current challenges in the extractive sector. The wealth of experience from both the experts and participants and practical examples provide context to recommended policy reforms.”



Paul A. SÁNCHEZ

**CEO
Ombudsman Energía México | Mexico**

“The Reversing the Resource Curse Course from SPP and NRG1 is one of the most extensive and intensive knowledge-sharing experiences for extractive industries practitioners. It is fully packed with practical and real-case exercises, qualitative and quantitative data analysis methods and tools, and a great pool of experts who are also willing to help in implementing mechanisms, tools and policy proposals after the course is over.”

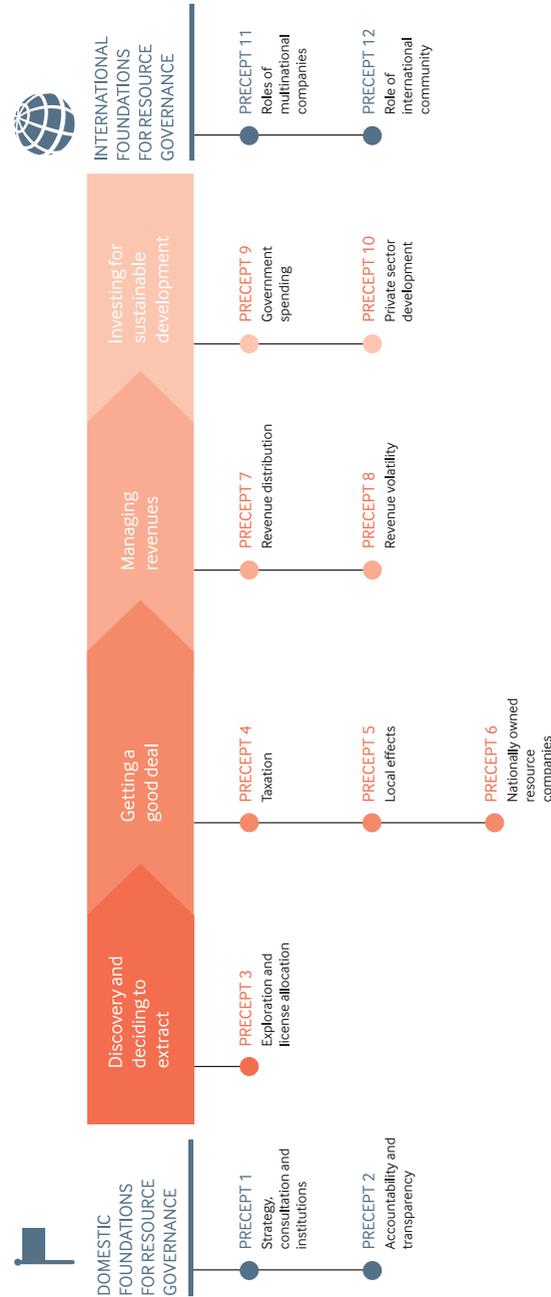


Course Methodology

The course uses the Natural Resource Charter as its primary intellectual framework. The charter is a set of economic principles for governments and societies on how to best manage the opportunities created by natural resources to promote development. It is not a blueprint for the policies and institutions countries must build, but instead provides the ingredients successful countries have used to build such institutions.

<http://www.resourcegovernance.org/approach/natural-resource-charter>

The Natural Resource Charter Decision Chain



Each part of the course will include interactive lectures, group discussions, and practical skill-building workshops or policy labs, as well as guest presentations by leading experts. The course includes the following components:

- General concepts (theory and practice)
- Comparative analysis of current situations (globally)
- Case studies
- Policy labs to analyze case studies and develop practical analytical skills
- Plenary discussions and conclusions
- Exercises in country- and mixed-teams
- A public panel organized at the Central European University

Participants will also have the opportunity to sign up for one-on-one “clinics” in the evening with course experts to discuss the challenges they face in their countries and request advice.



Course Structure

The course lasts two weeks and maximizes in-person interaction in a classroom setting. Participants will spend most of the first week as a group, then split into two groups according to the path they select. Candidates must indicate a path when submitting their initial applications. The course is delivered in English.

Course Dates

Arrival and reception: **Sunday, 15 April 2018**

Departure: **Friday, 27 April 2018**

Course Venue

The course will be held at the School of Public Policy, on the campus of the Central European University in Budapest, Hungary.



Eligibility and Course Requirements

The course is open to the following categories of participants:

- Civil society leaders with a track record of analysis, oversight, and policy advocacy around the governance of extractive industries.
- Mid- to senior-level government officials from ministries and departments involved in policy design, implementation, and compliance, including audit agencies.
- Officials from state-owned enterprises.
- Members of parliament, parliamentary staffers, and researchers well versed in the governance of extractive industries.
- Journalists with previous experience reporting on extractive sector governance.
- Academics and doctoral students undertaking applied research or teaching on the governance of natural resources.
- Professionals from development agencies, including consultancies, aid agencies, and international financial institutions.
- Representatives from extractive industry associations such as chambers of energy and minerals or country-level industry think tanks.



Please note this is not an entry-level course. NRGi and partners offer other courses that may be more appropriate for entry- and intermediate-level learners or for top-level government officials (e.g. ministers). Please consult <http://www.resourcegovernance.org/training/core-courses> for details on other opportunities.

Long-listed applicants will be notified in mid-January 2018 and asked to complete a number of pre-course assignments to matriculate into the course. These include an analytical assignment to be submitted within two weeks and reading to be completed ahead of the course start date.

Good quantitative and Excel skills are required for both paths of the course. A good understanding of, or background in, economics is highly desirable. These skills will be tested ahead of the course and participants will be offered material and exercises to brush up if necessary.

Scholarship recipients (see below) will be required to complete an assignment after the course concludes as a condition of funding.

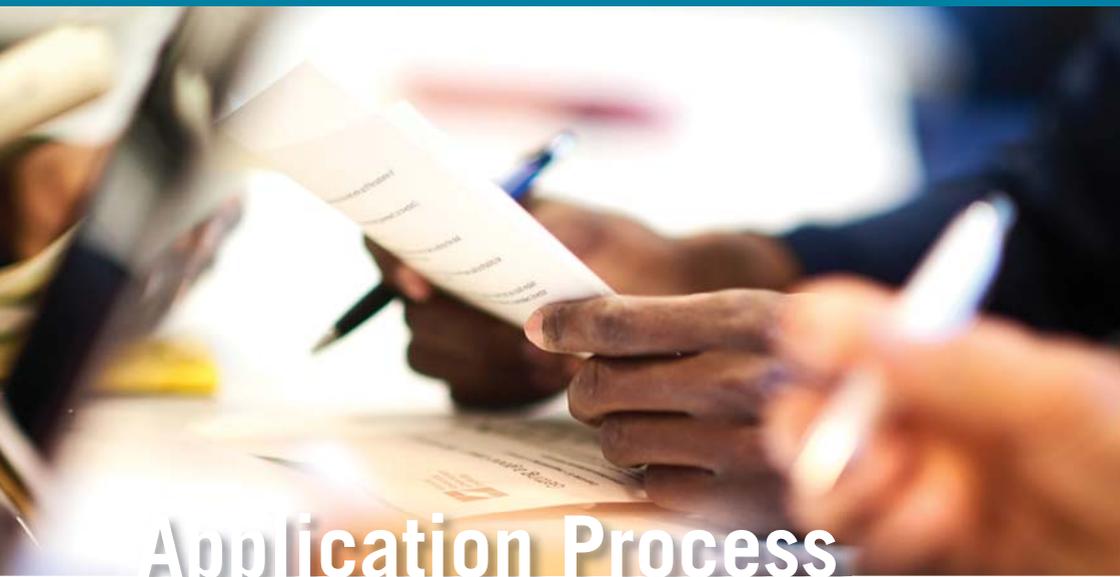
Course Fees

The full cost of participation in the course is **EUR 2,800**. This does not include travel, accommodation, and dinners. Lunches and coffee breaks during the course will be provided.

A limited number of scholarships covering travel, accommodation, and the full cost of tuition are available on a competitive basis for members of government, civil society, parliaments, and the media from selected resource-rich countries: **Colombia, Democratic Republic of Congo, Ghana, Guinea, Indonesia, Mexico, Mongolia, Myanmar, Nigeria, Tanzania, Tunisia** and **Uganda**. Women are particularly encouraged to apply. A restricted number of exceptions from this list may be made for outstanding applicants from other countries.

In addition, a number of tuition waivers will be available on a competitive basis for applicants who cover their own travel, hotel accommodation, breakfasts, and dinners (lunches and coffee breaks during the course will be provided). Please contact course organizers for further information.

Note that scholarships or tuition waivers will not be available for applicants from the private sector or international agencies. On a competitive basis, tuition may be waived for doctoral students or representatives from small international NGOs.



Application Process

Interested individuals should complete the application form at <http://spp.ceu.edu/resource-course-2018> by **1 December 2017**.

Applicants will be asked to upload the following additional documentation:

- A résumé/CV.
- A letter from his/her employer in support of the application. The letter should also describe how the organization's work relates to extractive industries and the applicant's responsibilities within it.
- Two short essays on the governance challenges associated with extractive industries in the applicant's country of origin/residence (or internationally for global practitioners) and the applicant's expectations of how the course will benefit him or her in efforts to help address those challenges.

Applicants should also indicate which path they wish to take when submitting the application along with an explanation of why the path is most relevant to his or her work. Applicants are strongly urged to read the course overview and schedule closely to make an informed choice. Every effort will be made to accommodate path choice.

Shortlisted applicants will be notified by **15 December 2017**, and given a pre-course task to be completed and submitted to the course organizers by **5 January 2018**. Failure to submit or complete the task satisfactorily will result in the withdrawal of the provisional offer.

Participants who have satisfactorily completed the pre-course task will receive a definitive confirmation by **9 February 2018**. They will then need to begin preparing for the course by reading the pre-course materials that will be referenced during the residential phase.



Instructors



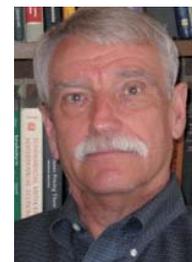
Andrew BAUER
Natural Resource Governance Institute

Andrew Bauer is a natural resource governance consultant to governments, parliaments and international organizations. He provides technical assistance on public financial management; sovereign wealth fund governance; inter-governmental transfers and subnational public finance; mining and petroleum sector regulation; economic development strategies; and good governance mechanisms. He is a former senior economic analyst at the Natural Resource Governance Institute (NRGI) where he advised on extractive sector governance in more than 25 countries, including Canada, Ghana, Indonesia, Libya, Mexico, Mongolia, Myanmar, Timor-Leste and Uganda. Prior to joining NRGI, he served on the Government of Canada's G8/20 team in the Department of Finance and has worked for several governmental, private sector, academic and non-profit organizations. He is the author of several publications on public finance and has been cited by BloombergView, The Economist and Reuters. He holds a BA from McGill University and an MSc in Economics for Development from Oxford University. He is based in Montreal, Canada.

Elisabeth CAESENS
Open Society Foundations



Elisabeth Caesens is examining hydroelectricity deals and revenue flows in the Democratic Republic of Congo (DRC) to bring greater transparency and accountability to the country's hydropower sector. Caesens is a senior technical adviser and former manager of the Carter Center's Mining Governance Program in DRC. She also serves as a lecturer at the Sciences Po Law School, where she teaches a class on mining revenues and runs a human rights clinic conducting research on hydropower investments in the DRC. She has long worked as a researcher and consultant on extractives and mining investments in the DRC and the African Great Lakes region, with a focus on understanding the influence of natural resource investments on sustainable development in the region. She holds a Master of Law as well as a Master in International Relations from Katholieke Universiteit Leuven and an LLM from Columbia University.



Robert F. CONRAD
Duke University

Robert Conrad is an authority on the economics of tax policy, mineral taxation, and international tax issues. He has over 30 years of experience providing assistance to governments, international organizations, and private sector entities about tax and natural resource policy. His particular areas of expertise include the overall design of tax systems, mineral taxation, and taxation of multinational enterprises. Robert has worked in over 40 countries and has had extensive experience in Russia and Eastern Europe. He is a member of the faculty at Duke University where he was Director of the Duke Center for International Development. In addition, he currently serves on the Panel of

Experts at the International Monetary Fund. Among other positions, Robert is Director of the U.S. Treasury's Tax Advisory Program for Central and Eastern Europe and the Former Soviet Union and was selected by the United States government and the Russian Federation to coordinate and direct all bilateral technical assistance for tax policy between the two countries. His papers have appeared in journals such as the *Review of Economics and Statistics*, the *Journal of Public Economics*, *The National Tax Journal*, *Resources and Energy*, and *Land Economics*. He holds a PhD in Economics from the University of Wisconsin–Madison.



Cristina CORDUNEANU-HUCI

CEU School of Public Policy

Cristina Corduneanu-Huci holds a PhD in political science from Duke University and an MA from the University of South Carolina. For her dissertation—*Ambidextrous Regimes: Leadership Survival and Fiscal Transparency*—she conducted extensive fieldwork in Morocco, Turkey, and Romania. Additionally, she has written on social movements, clientelism, bureaucratic reform, and the politics of healthcare. Her work has appeared in *Comparative Sociology*, the *World Bank Policy Research Working Papers* series and several edited volumes. She co-authored a book entitled *Understanding Policy Change: How to Apply Political Economy Concepts in Practice*, exploring the complex relationship between collective action and economic development. Cristina also benefitted from a symbiotic relationship between her academic and policy experience. Since 2010, she has worked for the World Bank in Washington, D.C., conducting political economy research and training activities for evidence-based policymaking. In this capacity, she was involved in studies of the distributive implications of natural resources in the Democratic Republic of Congo, healthcare policies in Uruguay, as well as in projects on the rule of law and public financial management in the Middle East and North Africa region.

Her research has been accompanied by various training programs prepared or delivered in Ethiopia, Singapore, Sudan, and Ghana. At SPP, Cristina teaches courses on governance and the political economy of development.



Thomas LASSOURD

Natural Resource Governance Institute

Thomas Lassourd is a senior economic analyst at NRGI. He led its technical assistance project in Guinea between 2011 and 2013, based in Conakry, advising the government on mining-sector fiscal regimes, legislative reforms, and a transparent process to review contracts signed under previous regimes. He also developed modeling tools on various iron ore and bauxite mines, including integrated mines-transport infrastructure. At NRGI, Thomas now focuses on economic technical assistance and research, including advising governments and civil society on assessing fiscal and revenue management policies for oil, gas, and mineral resources. Prior to joining NRGI, Thomas took part in the Overseas Development Institute Fellowship Scheme as a government economist in the Poverty Reduction Strategy Unit of the Republic of Burundi, where he worked on macro-economic frameworks and Public Financial Management issues. He also worked for the Belgian Technical Cooperation on tax administration reforms in Mozambique. Thomas has a Master's degree in Business Administration from HEC Paris and a Master's in economics with a major in public and development economics from the Paris School of Economics.



Valérie MARCEL

Chatham House

Valérie Marcel is an associate fellow at Chatham House, and leads the New Petroleum Producers Discussion Group. She is an expert on national oil companies and petroleum-sector governance, and has carried out extensive fieldwork in order to gain an understanding of the perspectives of producer countries. She is the author (with John V. Mitchell) of *Oil Titans: National Oil Companies in the Middle East* (Chatham House/Brookings, 2006). Her current research focuses on governance issues in emerging producers in sub-Saharan Africa, the Eastern Mediterranean and the Caribbean. She is a member of KPMG's advisory team for energy-sector governance. She also provides thought leadership for the Global Agenda Council on the Future of Oil and Gas at the World Economic Forum. Valérie previously led energy research at Chatham House, and taught international relations at the Institut d'études politiques (Sciences Po), Paris, and at Cairo University.



Dávid MIHÁLYI

Natural Resource Governance Institute

David worked as an economist for four years in the Hungarian, British and Sierra Leonean governments. His main areas of work have been fiscal policy, public financial management, macroeconomics and taxation. Prior to joining NRG, David completed the Overseas Development Institute Fellowship Scheme as an economist in Sierra Leone's Budget Bureau of the Ministry of Finance. His two years in Freetown coincided with a mining boom in the country and his work focused on the impact of the extractive sector on the economy and public finances. Previously, David was based at the Hungarian Central Bank and the Office of the Fiscal Council in Hungary. In both roles, he

focused on fiscal forecasting and evaluating budget sustainability. He holds a M.S. from the University of Nottingham and from the Corvinus University of Budapest. David is currently a fellow at the CEU's School of Public Policy.



Eric PARRADO

Universidad Adolfo Ibáñez

Eric Parrado is professor of economics and finance at the Universidad Adolfo Ibáñez and consultant for the IMF, the World Bank and the Inter-American Development Bank. He also advises several governments, central banks and companies on international financial matters, asset management and monetary policy. He has coordinated international finances of the Chilean Ministry of Finance and served as senior economist and financial stability manager at the Central Bank of Chile. As a consultant, he has provided advisory services to the central banks of Bolivia, China, Dominican Republic, El Salvador, Guatemala, Kenya, and to the governments of Colombia, Mongolia and Nigeria. Parrado has a doctorate in economics from NYU and a BA in economics from the University of Chile. He is also a Member of the Global Agenda Council of the World Economic Forum on long-term investment.



Perrine TOLEDANO

Columbia Center on Sustainable Investment

Perrine Toledano heads the center's focus on extractive industries and sustainable development. She leads research, training, and advisory projects on fiscal regimes, financial modeling, and leveraging extractive industry investments in rail, port, telecommunications, water, and energy infrastructure for broader development needs, local content, revenue management, contract

transparency, and optimal legal provisions for development benefits. Perrine has led projects in DRC, Liberia, Paraguay, Mozambique, Sierra Leone, Tanzania, and Timor-Leste, and assisted many more government teams remotely. Perrine also jointly developed curricula for a master's and an executive course on extractives and sustainable development taught at Columbia University. Prior to joining CCSI, she worked as a consultant for several non-profit organizations, including the World Bank, DFID, and Revenue Watch Institute, and private sector companies, including Natixis Corporate Investment Bank and Ernst and Young. Her experience includes auditing, financial analysis, IT for capital markets, public policy evaluation, and cross-border project management. She has an MBA from ESSEC in Paris, France, and an MPA from Columbia University.



2014



2015



2016



2017



THE NATURAL RESOURCE GOVERNANCE INSTITUTE

NRGI helps people to realize the benefits of their countries' endowments of oil, gas, and minerals. We do this through technical advice, advocacy, applied research, policy analysis, and capacity development. We work with innovative agents of change within government ministries, civil society, the media, legislatures, the private sector, and international institutions to promote accountable and effective governance in the extractive industries.

CEU SCHOOL OF PUBLIC POLICY, GLOBAL POLICY ACADEMY

SPP's Global Policy Academy (GPA) organizes academically rigorous and policy-relevant certificate courses that are designed not so much as traditional training seminars but rather as hubs for sectoral dialogue and experience exchange, moderated by top professionals in the field and open to policy-makers. Participants from the public, private, and non-profit sectors enroll in Global Policy Academy courses to gain relevant practice-oriented skills grounded in research-based knowledge. GPA attracts top policy-makers, NGO leaders, and scholars to discuss the current challenges of global governance in fields as diverse as economic policy and development, conflict and democracy, global drug and public health policy, and migration.



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