Reversing the Resource Curse: Theory and Practice

An SPP–NRGI Course

1–9 April 2019 | Budapest, Hungary
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 2019 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 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.

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

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.

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

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.
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.

www.resourcegovernance.org/approach/natural-resource-charter
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 NRGI 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 Structure**

The course runs just over a week from Monday to Tuesday. 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**

First day of course: **Monday, 1 April 2019**  
Last day of course: **Tuesday, 9 April 2019**

**Course Venue**

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

**Instructors**

The course has been developed through a unique collaboration between Central European University’s School of Public Policy and the Natural Resource Governance Institute incorporating the latest knowledge from expert faculty. Past faculty include:

- Andrew Bauer  
  Natural Resource Governance Institute
- Elisabeth Caesens  
  Resource Matters
- Robert F. Conrad  
  Duke University
- Cristina Corduneanu-Huci  
  Central European University
- Daniel Kaufmann  
  Natural Resource Governance Institute
- Thomas Lassourd  
  Natural Resource Governance Institute
- Valérie Marcel  
  Chatham House
- Dávid Mihályi  
  Natural Resource Governance Institute/Central European University
- Eric Parrado  
  ESE Business School, Universidad de los Andes
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 www.resourcegovernance.org/training/core-courses for details on other opportunities.

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 full scholarships covering travel, accommodation, and tuition are available on a competitive basis for members of government, civil society, parliaments, and the media from selected resource-rich countries: **Colombia, DRC, Ghana, Guinea, Guyana, Indonesia, Lebanon, Mexico, Mongolia, Myanmar, Nigeria and Tunisia**. 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. Interested individuals should complete the application form at [www.spp.ceu.edu/content/reversing-resource-curse-2019](http://www.spp.ceu.edu/content/reversing-resource-curse-2019) by **26 November 2018**.
Application Process

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.

Long-listed applicants will be notified by 14 December 2018, and given a pre-course task to be completed and submitted to the course organizers by 7 January 2019. 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 the first week of February. They will then need to begin preparing for the course by reading the pre-course materials that will be referenced during the residential phase.
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.