Transforming Natural Resource Wealth into Sustainable Prosperity

May 21 – 28, 2016        Baku, Azerbaijan
Day 1, May 21, 2016

8:30
Registration

9:00 - 10:00
Opening remarks and welcoming
Interactive introduction of the participants

10:00 – 10:30
Overview of the course program

10:30 – 11:00
Panel: The end of the commodities super cycle: impact and adaptation

11:30 – 12:00
Panel: Q&A

INSTRUCTORS:

Galib Efendiev
Ingilab Ahmadov
Ilham Shaban
DAY 1, May 21, 2016

12:00 – 13:00
Introduction to Natural Resource Charter as the intellectual framework of the course

14:00 – 17:00
Strategy, Consultations and Institutions (practice)
In small country groups participants will examine broadly existence, effectiveness and implementation quality of current strategies, institutional structure and legal framework of natural resource governance in their own countries.

Group Work

17:00 – 18:00
Strategy, Consultations and Institutions (practice)

Group presentations

INSTRUCTORS:

Galib Efendiev

Ingilab Ahmadov
9:00 – 10:30
Exploration and License Allocation (Theory)
Efficient exploration and production operations, transparent allocation of rights.

Is exploration done efficiently in line with national objectives?
Are rights allocated to the most financially and technically competent companies available?

#verify_jurisdiction, #resource_base, #property_rights, #methods_of_rights_allocation, #development_plan, #accounts_of_resource

10:30 – 11:00
Exploration and License Allocation (Practice)
Based on the pre-set questions participants in small country groups will examine current systems for exploration and license allocation, drawing conclusions and making presentations on the existing gaps.
DOMESTIC FOUNDATIONS FOR RESOURCE GOVERNANCE

1. Strategy, Consultations and Institutions
2. Accountability and Transparency

DISCOVERY AND DECIDING TO EXTRACT

3. Exploration and License Allocation

GETTING A GOOD DEAL

4. Taxation
5. Local effects
6. Nationally Owned Resource Companies

MANAGING REVENUES

7. Revenue Distribution
8. Revenue Volatility

INVESTING FOR SUSTAINABLE DEVELOPMENT

9. Government Spending
10. Private Sector Development

INTERNATIONAL FOUNDATIONS FOR RESOURCE GOVERNANCE

11. Role of Multinational Companies
12. Role of International Community

DAY 2, MAY 22, 2016

11:30 – 13:00
Taxation (Theory)
Effective Tax regimes and contractual terms enabling the government to realize the full value of its resources consistent with attracting necessary investment, and maintaining flexibility to changing circumstances

#function_not_form, #use_royalties, #tax_income_and_rent,
#avoid_tax_incentives, #simplify_tax, #state_equity,
#tax_administration, #tax_avoidance_rules, #transparency, #stability,
#robustness

13:00 – 14:00
Lunch break

14:00 – 18:00
Taxation (Practice)
Participants will have an in-depth overview of Fiscal Regimes in Natural Resource Rich Counties, with short interactive buzz sessions and exercises.

15:30 - 16:00
Coffee break

INSTRUCTORS:
Amir Shafaie
Environmental and Social Costs (Theory and Practice)

Pursuing opportunities for local benefits, and accounting for, mitigating and offsetting the environmental and social costs of resource extraction projects

#local_communities_involvement, #ownership_rights, #measure_effects, #develop_local_benefits, #local_capacity

Resource projects can incur significant environmental and social costs that are often borne disproportionately by those in the vicinity of the extraction. However, extractive projects also have the potential to generate benefits for local communities through employment and the demand for goods and services, at least while operations continue.

Course participants will be exposed to various scenarios minimizing the costs for affected communities, while enhancing the benefits.
Domestic foundations for resource governance

1. Strategy, Consultations, and Institutions
2. Accountability and Transparency

Discovery and Deciding to Extract
3. Exploration and License Allocation

Getting a Good Deal
4. Taxation
5. Local effects
6. Nationally Owned Resource Companies

Managing Revenues
7. Revenue Distribution
8. Revenue Volatility

Investing for Sustainable Development
9. Government Spending
10. Private Sector Development

International Foundations for Resource Governance
11. Role of Multinational Companies
12. Role of International Community

14:00 – 18:00
POLICY LAB

Country team policy lab – Participants will be required to work as a group to answer the following questions that will help them build the final anti-crisis strategy:

• Understanding the key concepts
• Applying the concepts to their country challenges
• Analyzing strategies to action

15:30 – 16:00
INSTRUCTORS:
Amir Shafaie
DAY 4, May 24, 2016

9:00 – 13:00

POLICY FORUM

LOW COMMODITY PRICES AS AN OPPORTUNITY FOR REFORMS

Expert presentations from around Eurasia moderated by Eurasia Hub Director Ingilab Ahmadov

14:00 – 16:00

Eurasia HUB Board Meeting (for Board Members only)
Revenue Volatility

Smoothing domestic spending of revenues to account for revenue volatility

#commodity_prices, #resource_dependence, #long_term_solution, #hedging_contracts, #accumulation_foreign_assets, #short_term_borrowing, #investment_expenditure, #recurring_expenditure, #appropriate_use_instruments

Prices of natural resources, called commodity prices, fluctuate according to market forces. When government revenues are tied to natural resources, their revenues will fluctuate accordingly. Volatility is amplified by production cycles and unexpected stoppages. This makes development planning difficult. It also leads to incentives to overspend on grandiose legacy projects when prices rise and go into debt when revenues decline in order to maintain the same standard of living as before the slump. The consequence is poor investment decisions and higher probability of debt crises.

Through theoretical and practical approach, in these sessions participants will be introduced to various techniques that can be employed to respond to the special challenges of natural resource revenues.
Domestic foundations for resource governance

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DAY 5, May 25, 2016

14:00 - 18:00

Elective 1: Sovereign Wealth Fund
Discusses the objectives of SWFs and their benefits for the country, transparency and accountability mechanisms and their management effectiveness. How does the government's investment strategy help achieve the fund's objectives? Fiscal rules (deposit and withdrawal) of different SWFs.

Elective 2: Revenue Distribution
Investing revenues to achieve optimal and equitable outcomes for current and future generations.

#national_budget, #sub_national_budget, #resource_funds, #boom_bust, #duch_disease, #devaluation, #inflation, #efficient_investment, #future_generations, #development_banks, #debt_policy, #swf

In this session participants will examine fiscally sustainable spending paths, accounting for the depletion of extractive resources, focusing on such questions as:

- What are the principal challenges in managing non-renewable resource revenues?
- How should governments manage resource revenues?
- How do governments manage resource revenues?

15:30 - 16:00

INSTRUCTORS:

Ingilab Ahmadov

Kenan Aslanli
Country team policy lab – Participants will be required to work as a group to answer the following questions that will help them build the final anti-crisis strategy:

- Understanding the key concepts
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- Analyzing strategies to action

Using revenues as an opportunity to increase the efficiency of public spending at the national and sub-national levels.

In countries with weak public sector bureaucracies and small economies, effective investment can be challenging. First, government bureaucracy may be too small to manage larger budgets, requiring more project selection and assessment. Second, high expenditure of resource revenues can affect the wider economy, causing inflationary pressures, and thus may reduce the value of the revenues. Third, resource extraction may increase inequality: leading to public calls for reform or, at the extreme, conflict. Finally, poor transparency and accountability can lead to high rates of leakage throughout the spending process.
One way for resource-rich states to ensure sustained economic growth is through support for private sector development. This includes the establishment of enabling business environment and local content policies. Using resource revenues to grow the domestic economy depends crucially on significant increases in private sector investment—from large-scale infrastructure to smallholder farms yet, encouraging sustained growth beyond resource extraction has been a challenge for many resource-rich countries.

#domestic_economy, #reduced_competitiveness, #public_investment, #private_investment_needs, #complementary_economic_inputs, #enviroment_private_investment, #construction_sector, #finance_sector, #tarrif_reduction, #targeted_support_business, #local_content_regulations, #downstream, #diversification
9:00 – 11:00
Investing for Sustainable Development

Translating resource wealth into sustainable and inclusive development. The session will cover basic definitions and practical concepts of sustainable development, interlinkages with natural resources governance and environmental sustainability.

11:30 – 13:00
Policy Lab

Country team policy lab – Participants will be required to work as a group to answer the following questions that will help them build the final anti-crisis strategy:

- Understanding the key concepts
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- Analyzing strategies to action
DAY 7, May 27, 2016

14:00 – 15:30
Key Actors – State-Owned Enterprises (SOEs)

SOEs or Nationally Owned Resource Companies (NORC) have contributed heavily to successful efforts to harness benefits from the extractive sector and drive broader national development. In other cases, however, the companies have become inefficient managers of national resources, obstacles to private investment, drains on public coffers, or sources of patronage and corruption. As such, NORC reform—incremental in some cases, fundamental in others—lies at or near the top of the policy agendas of many resource rich countries.

In this session participants will closely examine various models of NORCs, together with benefits and challenges as well as best and worst practices from around the world to draw useful lessons and conclusions relative to counties of the course participants.

16:00 – 18:00
Key Actors – Companies and International Organizations

The role of Companies and International Community (donors, home countries, multilaterals) in resource governance. Both Companies and the international community can support resource governance by advancing transparency, ensuring compliance with internationally recognized standards of human rights and environmental, social and health protection and on working to reduce illicit financial flows and corruption.
Domestic foundations for resource governance

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International Foundations for Resource Governance

11. Role of Multinational Companies
12. Role of International Community

DAY 8, May 28, 2016

09:00 – 11:00
Policy Lab

Country team policy lab – Participants will be required to work as a group to answer the following questions that will help them build the final anti-crisis strategy:

- Understanding the key concepts
- Applying the concepts to their country challenges
- Analyzing strategies to action

11:30 – 15:30 Anti-crisis strategy (Presentations)

Each country team will be joined by the course instructor to develop an anti-crisis strategy using the Natural Resource Governance Decision Chain framework covered in the course. Country teams will present developed strategies that will be scrutinized and commented upon by the rest of the course participants.

16:00 – 16:30
Course feedback and evaluation session

16:30 – 17:00
Course certificate award ceremony
2. NRGI Readers: A Primer Series about Resource Governance (April 2015)
3. EITI Standard 2016, 15 February 2016:
   https://eiti.org/files/english_eiti_standard_0.pdf


3. Caucasus Analytical Digest No. 83 http://www.laender-analysen.de/cad/
**Reading Materials**

- Jeffrey Sachs - Short history of oil, gas, and mining: [https://youtu.be/YakBy9VXrS4?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/YakBy9VXrS4?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Alexandra Gillies - How natural resources shape and are shaped by political context: [https://youtu.be/J1IxdHMBwI?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/J1IxdHMBwI?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Paul Collier - The decision chain of natural resource management: [https://youtu.be/GFvFCr7cq4w?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/GFvFCr7cq4w?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Patrick Heller – Legal and regulatory framework: [https://youtu.be/3EwMmIwEDg?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/3EwMmIwEDg?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Bryan Land - Fiscal policy principles and practice: [https://youtu.be/KarW13-tehk?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/KarW13-tehk?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Daniel Franks - Environmental challenges and trends: [https://youtu.be/fE2Z512KWM?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/fE2Z512KWM?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Cielo Magno – Social impacts & community development agreements: [https://youtu.be/61BpumrS6mg?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/61BpumrS6mg?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Mohammed Amin Adam – Challenges of revenue management: [https://youtu.be/K8rjalnRfl0?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/K8rjalnRfl0?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Mohammed Amin Adam - Revenue sharing and decentralization: [https://youtu.be/ReHnIgoyleO?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/ReHnIgoyleO?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Perrine Toledano - Leveraging extractive industries for infrastructure: [https://youtu.be/d6m2HbcGbrw?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/d6m2HbcGbrw?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Anthony Paul – Economic linkages to extractive sectors: [https://youtu.be/00aT8GyO5Vl?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/00aT8GyO5Vl?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
- Paul Collier: Investing in Investing: [https://youtu.be/iQp8t0RF4w?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW](https://youtu.be/iQp8t0RF4w?list=PLzW0Ub5HJkzRFAq7wXgZDatURIBPlsfoW)
**Senior Legal Analyst, NRGI**

Amir focuses on technical assistance programs to help governments improve legal regimes and contracts. He also works to strengthen capacity for natural resource sector oversight, particularly in Africa and the Middle East. Amir has a J.D. and a B.A. (History), both from the University of California, Berkeley. He also studied international relations at the Institut d'Études Politiques de Paris (Sciences Po). Amir is fluent in English, French and Farsi and has aspirations of speaking Arabic.

**Eurasia Director, NRGI**

As NRGI’s Central Asia/Caucasus Regional Director, Galib provides guidance to consolidate local monitoring activities and helps to manage local research, monitoring, advocacy and technical assistance. Priority countries include Azerbaijan, Kazakhstan, Mongolia and Russia, with smaller-scale activities in Georgia, Kyrgyz Republic and Ukraine. He holds a BS from Rutgers University, with majors on Finance and Management and Eastern European Studies, and speaks Russian and Turkish.

**Director of Eurasia Hub**

Prof. Ahmadov became director of Eurasia Extractive Industries Knowledge Hub and Dean of the School of Economics and Management at Khazar University in 2010. His research interests are oil & gas economy and impact of oil revenues on economy, Caspian energy resources, and oil contracts. He mainly teaches courses in Energy Management and Caspian Energy. Prof. Ahmadov is a visiting professor of leading universities such as Kiel Institute for the World Economy as well as Oxford and Reading University.
Course Instructors

**Azer Mehtiyev**  
**Professor of Economics**  
Azer Mehtiyev acts as the trainer on budgeting process, monitoring of budget expenses and budget advocacy issues organized for NGO representatives and journalists. He is also a member of NGO Alliance for the Development of Municipalities that deals with decentralization initiatives and advocacy of the development of local self-governance and acted as the coordinator of this Alliance in 2011-2013. Azer Mehtiyev is the lecturer for the School of “Enterprise Economy” of Azerbaijan State Economic University.

**Farid Guliyev**  
**Research Associate at Eurasia Hub**  
Farid Guliyev is a research associate and project coordinator affiliated with the Eurasia Knowledge Hub. He holds a Ph.D. in Political Science from Jacobs University in Bremen, Germany (2014), and an MA from Central European University in Budapest (2004). His current research focuses on the comparative study of political institutions, governance of natural resources, and public policy in developing countries. His recent publication (co-authored with Anar K. Ahmadov): “Tackling the Resource Curse: The role of democracy in achieving sustainable development in resource-rich countries”, IDEA Discussion Paper 2016.

**Fuat Rasulov**  
**Trainer, Eurasia Hub**  
Fuat Rasulov is Professor of Managerial Sciences and vice-dean of Khazar University's School of Economics and Management. He has been affiliated with the Eurasia EI Knowledge Hub as a trainer since 2010. Dr. Rasulov is a board member of the National Budget Group and a member of Azerbaijan's EITI NGO Coalition. He has conducted training courses on resource revenue management and extractives in Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, and Georgia. His research and publications focus on the budgeting process and extractive industries.

**Kenan Aslanli**  
**Consultant and Policy Analyst**  
Kenan Aslanli is a policy analyst examining fiscal, macroeconomic and energy policy issues at the Public Finance Monitoring Center (Baku, Azerbaijan). He is also a consultant for International Budget Partnership (Washington DC, USA) on Open Budget Index in Azerbaijan. Mr. Aslanli holds a BA from the Academy of Public Administration and an MA from State Economic University (Baku, Azerbaijan). He has successfully passed short term intensive courses on energy economics and emerging markets at Central European University (Budapest, Hungary) and Jiangxi University of Finance and Economics (Nanchang, China).
Course Participants

Azerbaijan
1. Emil Omarov
2. Farid Nabiyev
3. Hajar Huseynova
4. Ilaha Abasli
5. Samir Aliyev
6. Shahin Nasrullayev

Emil Omarov - Eurasia Regional Coordinator, Publish what you pay  eomarov@publishwhatyoupay.org
Farid Nabiyev - Researcher. Khazar University faridnabiyev19@gmail.com
Hajar Huseynova - Researcher. ADA hhuseynova2014@ada.edu.az
Ilaha Abasli - Program consultant. AZPROMO/GIZ ilaha.abasli92@gmail.com
Samir Aliyev - Analyst, Center For Support For Economic Initiatives samir_aliev@yahoo.com
Shahin Nasrullayev - Youth coordinator at Euroscience Azerbaijan regional section snasrullayev@gmail.com

Kazakhstan
1. Aizhan Akhmedova
2. Asem Doldakhanova
3. Ruslan Baymishev
4. Svetlana Glushkova

Ayzhan Akhmedova – Project Coordinator. NGO "Civil Alliance of Mangistau region" aizhan_a_k@mail.ru
Asem Doldakhanova – Deputy Head of NGO “Center for Social and Economic Research and Forecasts”. asem.dolser@gmail.com
Ruslan Baymishev – National Secretary EITI in Kazakhstan, Ministry of Investments and Development of the RK rbaimishev@geology.kz
Svetlana Glushkova – Journalist of website Radio Liberty (http://rus.azattyq.org) sweta.glushkova@gmail.com

Kyrgyzstan
1. Adilet Kydyrmayev
2. Chingiz Beksaltanov
3. Ilham Saypidinov
4. Nazgul Begalieva
5. Taalaykul Toktakunova
6. Tologan Arbaev

Adilet Kydyrmayev - Leading specialist Ministry of Economy of the Kyrgyz Republic kydyrmayev@hotmail.com
Chingiz Beksaltanov - Director of the NGO "Forum on Official Assistance on Development” beksultanov.kg@gmail.com
Ilkham Saypidinov - Internet newspaper "White Sail“ diplomats33@gmail.com
Nazgul Begalieva - Journalist of Publishing House "Evening Bishkek” nasik9970@gmail.com
Taalaykul Toktakunova - Member of the Public Supervisory Council under the State Agency on GMR of the KR toktakunova@avers.kg
Tologan Arbaev – Specialist. State Agency for Geology and Mineral Resources under the Government of the KR toktakunova@avers.kg
Course Participants

**Georgia**
David Tsiskaridze - Director, International Business and Economic Development Center  
davit.tsiskaridze@gmail.com

**Kosovo**
Luan Shllaku - Executive director of the Kosovo Foundation for Open Society (KFOS)  
luans@kfos.org

**Mongolia**
Tserenjav Demberel - Executive director of NGO “Transparency Foundation”  
tseren2005@yahoo.com

**Tajikistan**
1. Said Yakhyoev
2. Sobir Vazirov

**Ukraine**
1. Anastasiya Yermakova
2. Maksym Shmerego
3. Olesya Nekhoroshko
4. Svetlana Mizina

Anastasiya Yermakova - Deputy Chief Editor, Information and analytical resource «Energy Reforms Enref.org»  
a_yermakova@dixigroup.org

Maksym Shmerego - Senior consultant, Committee on Fuel and Energy Complex, Nuclear Policy and Safety  
mshmereho@rada.gov.ua

Olesya Nekhoroshko - Advisor of the Ministry of Energy and Coal Industry of Ukraine  
olesya.nekhoroshko@gmail.com

Svetlana Mizina - External expert of communication of the EITI Secretariat  
msv.ngs@gmail.com