
CABRI Policy Dialogue

REVENUE MANAGEMENT IN THE EXTRACTIVES SECTOR

The discovery of mineral resources promised to be a game-changer, bringing prosperity to a nation and the continent. For many resource rich countries, these expectations have not been met. CABRI's interest in this important topic focuses on how ministries of finance (together

with the relevant line ministries and stakeholders) plan adequately for the sector, especially in the context of volatility and how they manage revenue in a manner that promotes sustainability, equity, poverty reduction and economic growth.



08:00 – 08:30 Registration and coffee

08:30 – 09:00 Welcome Remarks, Neil Cole, Executive Secretary, CABRI Secretariat
Opening Remarks, Hon. Seth Terkper, Minister of Finance, Ghana

09:00 – 10:45 **Session 1: Managing Natural Resource Wealth for Development**

Session objective: To bring out the current policy issues and challenges facing resource rich countries in Africa in the development of their extractive sector. Issues will include: techno-economic differences between ‘hard’ minerals and Oil/Gas resources, the linkages of the extractive sector with the rest of the economy, the role of extractives in national development agenda and making complex policy decisions e.g. what are the benefits of strengthening spatial linkages and which infrastructure can serve the purpose? How can extractives be used in a way that fosters the accumulation of human capital (forward and knowledge linkages)?

Format:

- 50 min Presentation and discussion on policy options available to resource rich countries to strengthen the linkages of their extractive sector with the rest of the economy.
- 50 min group exercise to examine different policy options based on pre-prepared questions.

Facilitators: Mark Beare (OPM) and Nana Boateng (CABRI)

10:45 – 11:15 Coffee break

11:15 – 13:00 **Session 2: Extractives Revenue and the Budget Process**

Session objective: To bring out the current policy issues and challenges with regards to the management of the revenues of their extractives revenues. Issues will include: Fiscal rule and fiscal regimes highlighting the main differences between the petroleum and mining sub-sectors, factors that determine how well we manage extractives revenue, including upfront revenue forecasting; and complex policy options.

Format:

- 30 min plenary presentation on revenue management options and fiscal rules.
- 20 min Q&A to allow participants to ask any questions they have from the presentation as well as the key note paper.
- 50 min break-out session to allow breakaway groups to examine different policy options based on pre-prepared questions.

Facilitators: Nick Travis (OPM) and Clement Ncuti (CABRI)

13:00 – 14:00 Lunch

14:00 – 16:30 **Session 3: Masterclass: Financial Modelling**

Session objective: To present a practical but non-technical training session on tools that assist with planning and good management of extractives revenue.

Masterclass 1: Financial Modelling. Facilitator: Johnny West, Founder, Open Oil.

Masterclass 2: Fiscal Regime Design drawing from IMF Fiscal Analysis of Resource Industries (FARI) methodology. Facilitator: Oana Luca, Economist, IMF.

16:30 – 17:00 Coffee break and Closing of Day 1

Day 2 **Wednesday 27 April**

08:30 – 10:30 **Session 4: Fiscal Transparency and Accountability**

Session objective: To discuss challenges facing countries in ensuring transparency and accountability and the impact this has on effective management of natural resource revenue.

Format:

- Presentation on The EITI Framework and Current Trends in Transparency and Accountability, Mr. Bash Abdul-Razak, EITI Ghana Coordinator.
- Challenges in Transparency in the Extractives Sector, Dr. Mohammed Amin, ACEP.
- Plenary discussion.

Facilitator: Neil Cole (CABRI)

10:30 – 11:00 Coffee break

11:00 – 12:30 **Session 5: Managing Revenue through Sovereign Wealth Funds**

Session objective: To discuss various issues concerning SWFs and absorptive capacity issues such as: Are funds from extractives sector largely managed outside the budget process? i.e. in Sovereign Wealth Funds? What are the implications? Is there a clearly defined purpose of the fund? What are the uses of Sovereign Wealth Funds? Is it a source of patronage and nepotism? Are there Fiscal Rules for withdrawal and deposit? Rules regarding expenditure and reporting? Investment rules?

Format:

- A brief contextual presentation on SWFs.
- Role play – two groups will respectively defend (1) the creation of a SWF and (2) the idea that extractives revenues should be reinvested immediately in the budget so as to improve infrastructure, health and education. The idea is to use the negotiation process to bring up different policy options and discuss them in light with a fictive socio-economic scenario.

Facilitators: OPM and CABRI Secretariat

12:30 – 13:30 Lunch

13:30 – 15:00 **Session 6: Panel Discussion and Peer Exchange on Managing Extractives Revenue**

Session objective: To allow participants to share their experiences with revenue management and how it helps (or hinders) their country to advance on its development goals.

Panellists:

- Mr. Michael Asare-Akonnor, Economist, Ministry of Finance, Ghana
- Ms. Caroline Eyaya, Division Chief of Revenue, Ministry of Finance, DRC
- Mr. Soren Kerk Jensen, Senior Advisor, Independent Policy Analysis, Angola

Moderator: Mark Henstridge (OPM)

15:00 – 15:30 Coffee break

15:30 – 17:00 **Session 7: World Café on Extractives Revenue Management**

Session objective: To engage on case studies on revenue management that showcase complexities in policymaking in the extractives sector. Participants will receive three short case-studies with questions for discussion. Delegates will have about 25 minutes to discuss each case and then rotate to another table for different case-study. There will be three rotations.

Case study 1	Case study 2	Case study 3
<u>Topic:</u> Fiscal regime <u>Tanzania case study:</u> The application of a fiscal regime for gas discoveries.	<u>Topic:</u> Fiscal rule <u>Chile case study:</u> The application of a fiscal rule in the copper sector.	<u>Topic:</u> Sovereign Wealth Funds (SWF) <u>Timor-Leste case study:</u> Review of the Petroleum Sovereign Wealth Fund.

17:00 – 17:30 Closing remarks

19:00 **Official dinner**

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