

# **The Power of Data for Improved Natural Resource Governance**

## **Selected Empirical Illustrations for Framing of Panel**

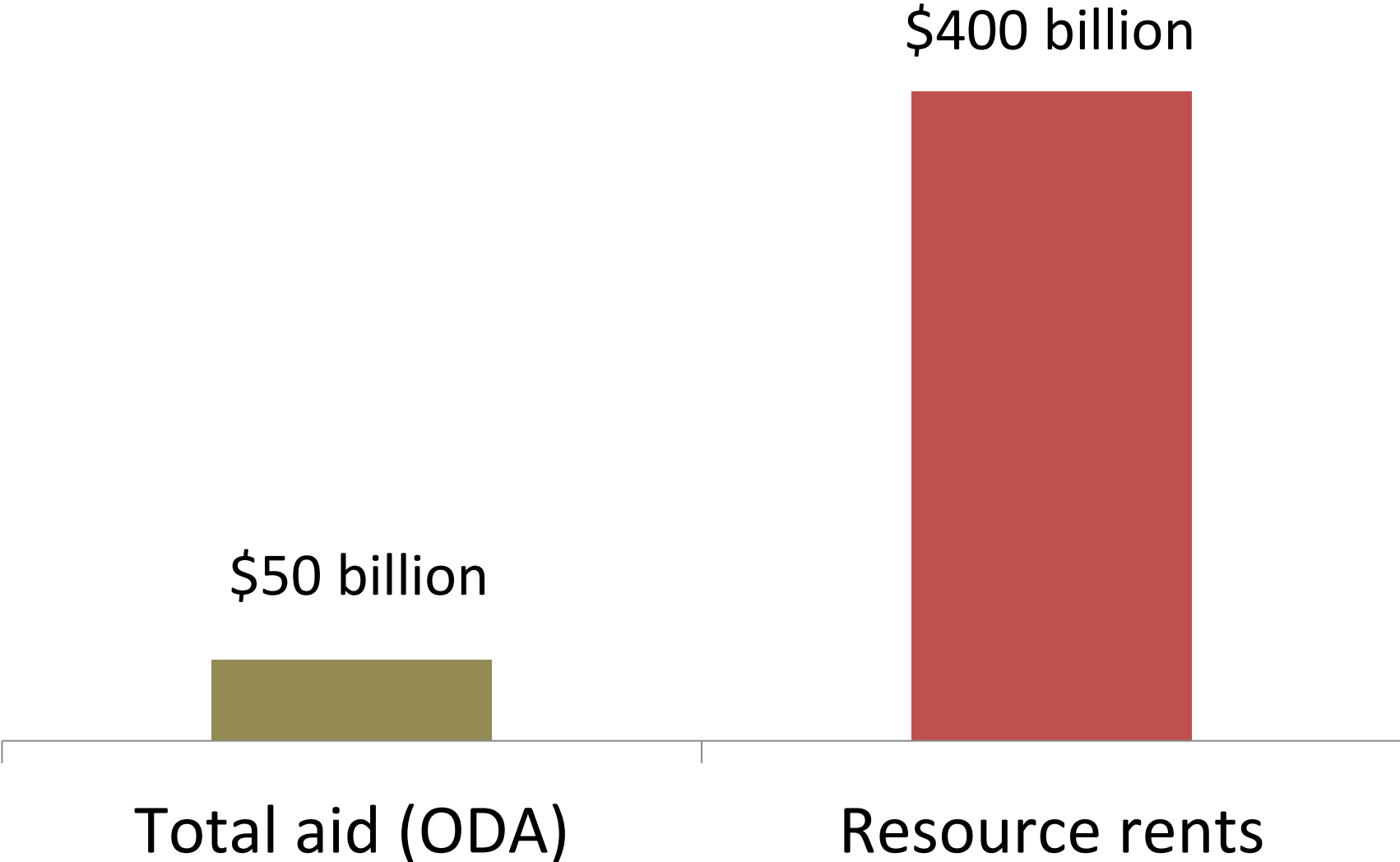
<http://www.resourcegovernance.org/news/october-9-washington-power-data-transform-natural-resource-governance-and-drive-economic-develo>

**Daniel Kaufmann**

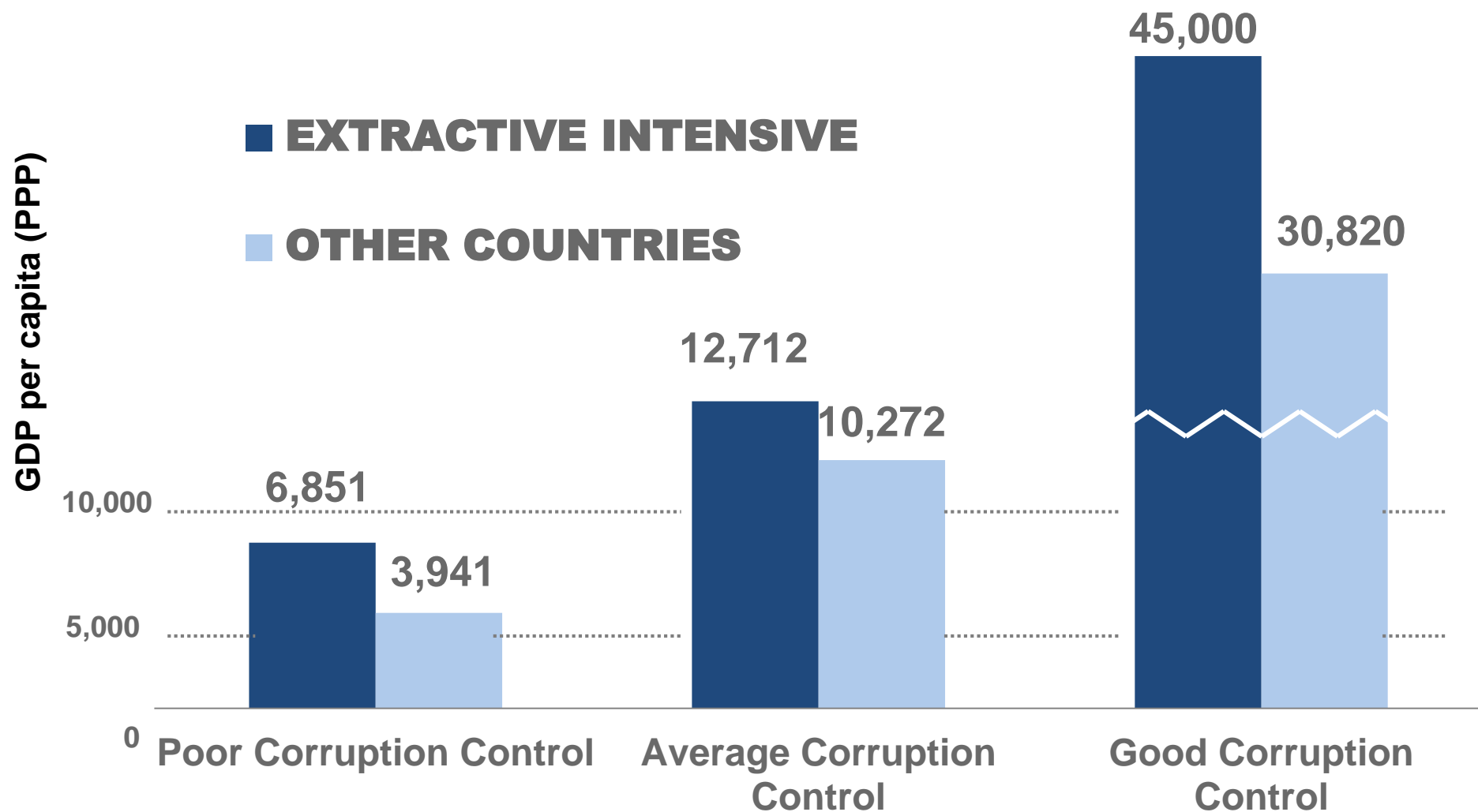
**Natural Resource Governance Institute (NRGI)**

**Panel at OSF, Washington, DC, October 9<sup>th</sup>, 2014**

# Resource rents vs. aid in Sub-Saharan Africa



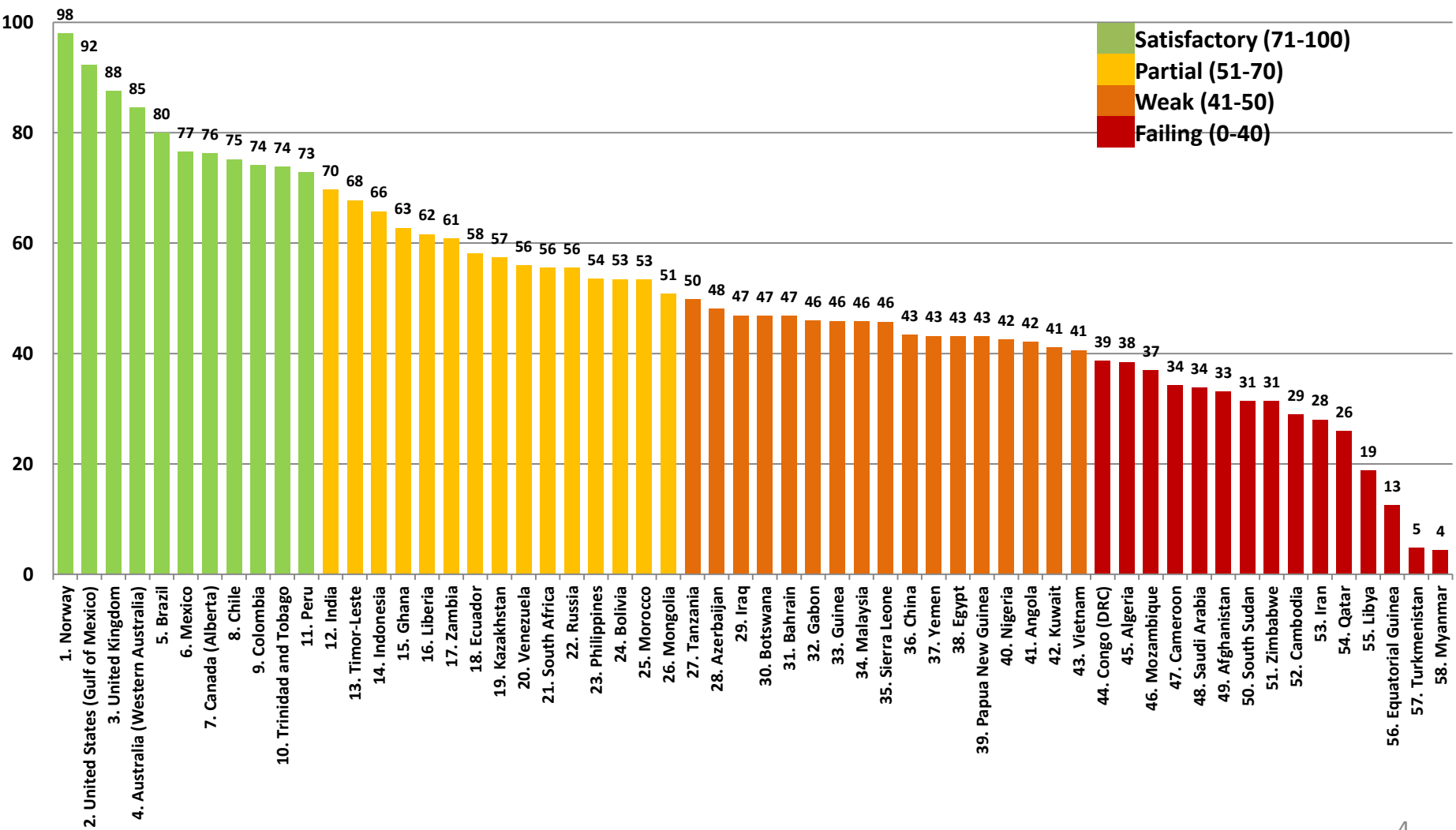
# For the World -- Governance Matters: 300% Development dividend of improved governance in RR (& other) countries



Sources: GDP per capita (atop each column) from World Bank World Development Indicators, 2012. Corruption Control data from Worldwide Governance Indicators (WGI), 2012. Countries grouped into terciles based on WGI Control of Corruption scores. Extractive Intensive country classification according to IMF (2010).

# Extent of Transparency & Accountability Deficit: The Resource Governance Index (RGI) – 58 countries

*80% of countries do not meet satisfactory governance standards*



# Composite and Component Scores

# RGI Results for the 58 countries

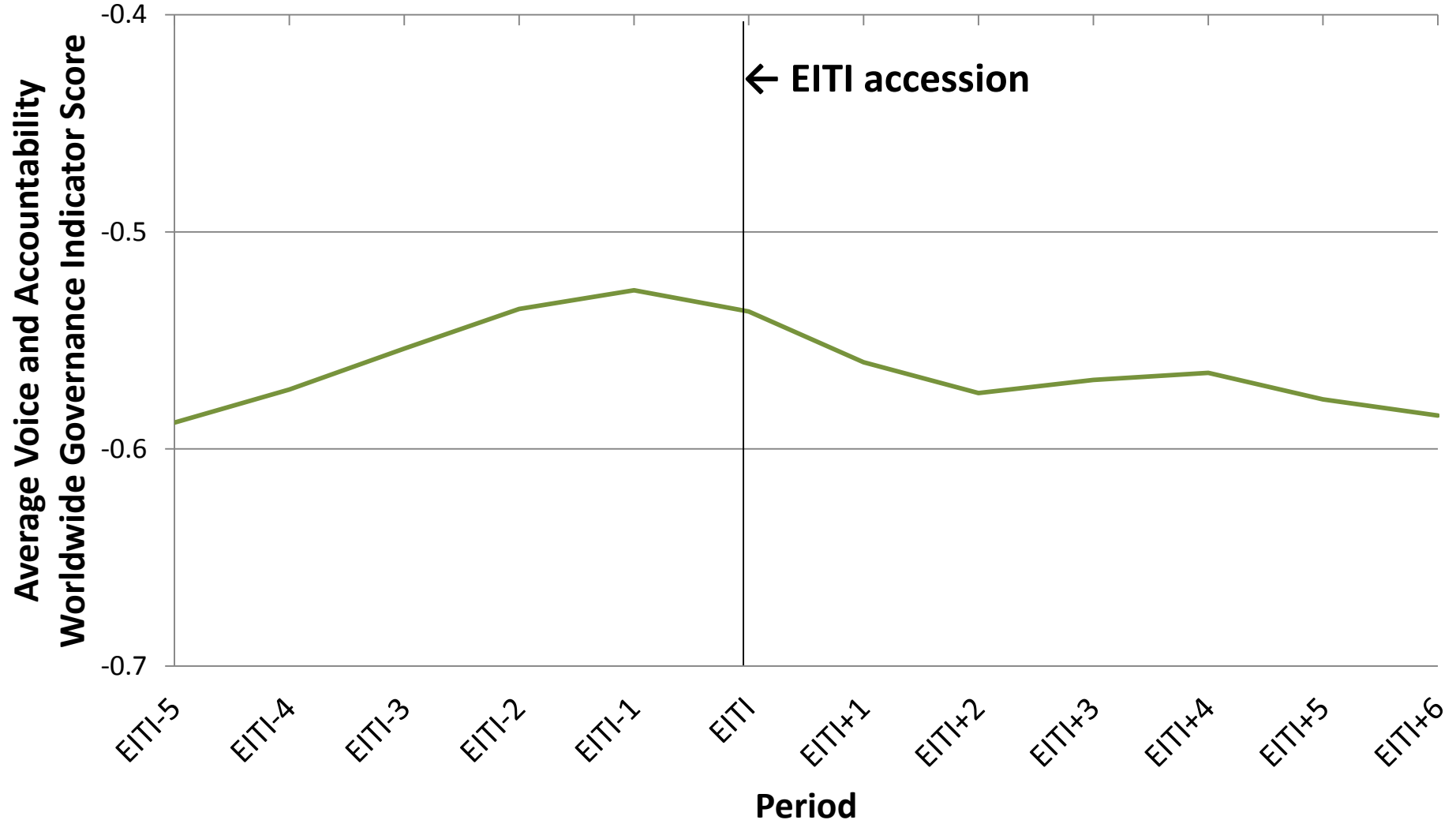
Rank	Country	Resource Measured	Composite Score	Institutional and Legal Setting	Reporting Practices	Safeguards and Quality Controls	Enabling Environment
1	Norway	Hydrocarbons	98	100	97	98	98
2	United States (Gulf of Mexico)	Hydrocarbons	92	88	97	89	90
3	United Kingdom	Hydrocarbons	88	79	91	83	93
4	Australia (Western Australia)	Minerals	85	88	87	65	96
5	Brazil	Hydrocarbons	80	81	78	96	66
6	Mexico	Hydrocarbons	77	84	82	81	53
7	Canada (Alberta)	Hydrocarbons	76	67	72	74	96
8	Chile	Minerals	75	77	74	65	87
9	Colombia	Hydrocarbons	74	75	73	91	58
10	Trinidad and Tobago	Hydrocarbons	74	64	83	86	52
11	Peru	Minerals	73	88	83	56	55
12	India	Hydrocarbons	70	60	72	83	61
13	Timor-Leste	Hydrocarbons	68	77	82	70	28
14	Indonesia	Hydrocarbons	66	76	66	75	46
15	Ghana	Minerals	63	79	51	73	59
16	Liberia	Minerals	62	83	62	71	31
17	Zambia	Minerals	61	71	62	72	37
18	Ecuador	Hydrocarbons	58	70	64	65	28
19	Kazakhstan	Hydrocarbons	57	62	58	76	32
20	Venezuela	Hydrocarbons	56	57	69	67	18
21	South Africa	Minerals	56	69	31	75	72
22	Russia	Hydrocarbons	56	57	60	62	39
23	Philippines	Minerals	54	63	54	51	46
24	Bolivia	Hydrocarbons	53	80	47	63	32
25	Morocco	Minerals	53	48	60	56	42
26	Mongolia	Minerals	51	80	39	49	48

Rank	Country	Resource Measured	Composite Score	Institutional and Legal Setting	Reporting Practices	Safeguards and Quality Controls	Enabling Environment
27	<i>Tanzania</i>	Minerals	50	44	48	68	42
28	<i>Azerbaijan</i>	Hydrocarbons	48	57	54	51	24
29	<i>Iraq</i>	Hydrocarbons	47	57	52	63	9
30	<i>Botswana</i>	Minerals	47	55	28	53	69
31	<i>Bahrain</i>	Hydrocarbons	47	38	40	59	58
32	<i>Gabon</i>	Hydrocarbons	46	60	51	39	28
33	<i>Guinea</i>	Minerals	46	86	45	43	11
34	<i>Malaysia</i>	Hydrocarbons	46	39	45	39	60
35	<i>Sierra Leone</i>	Minerals	46	52	47	59	24
36	<i>China</i>	Hydrocarbons	43	43	46	46	36
37	<i>Yemen</i>	Hydrocarbons	43	57	46	52	16
38	<i>Egypt</i>	Hydrocarbons	43	40	44	48	40
39	<i>Papua New Guinea</i>	Minerals	43	59	34	50	38
40	<i>Nigeria</i>	Hydrocarbons	42	66	38	53	18
41	<i>Angola</i>	Hydrocarbons	42	58	43	52	15
42	<i>Kuwait</i>	Hydrocarbons	41	28	43	36	57
43	<i>Vietnam</i>	Hydrocarbons	41	63	39	31	30
44	<i>Congo (DRC)</i>	Minerals	39	56	45	42	6
45	<i>Algeria</i>	Hydrocarbons	38	57	41	28	26
46	<i>Mozambique</i>	Hydrocarbons	37	58	26	37	37
47	<i>Cameroon</i>	Hydrocarbons	34	63	33	25	17
48	<i>Saudi Arabia</i>	Hydrocarbons	34	30	35	31	38
49	<i>Afghanistan</i>	Minerals	33	63	29	38	8
50	<i>South Sudan</i>	Hydrocarbons	31	80	17	35	8
51	<i>Zimbabwe</i>	Minerals	31	48	23	56	6
52	<i>Cambodia</i>	Hydrocarbons	29	52	13	46	20
53	<i>Iran</i>	Hydrocarbons	28	26	33	26	23
54	<i>Qatar</i>	Hydrocarbons	26	15	14	20	66
55	<i>Libya</i>	Hydrocarbons	19	11	29	15	10
56	<i>Equatorial Guinea</i>	Hydrocarbons	13	27	14	4	4
57	<i>Turkmenistan</i>	Hydrocarbons	5	13	4	0	3
58	<i>Myanmar</i>	Hydrocarbons	4	8	5	2	2

■ Satisfactory    ■ Weak  
■ Partial        ■ Falling

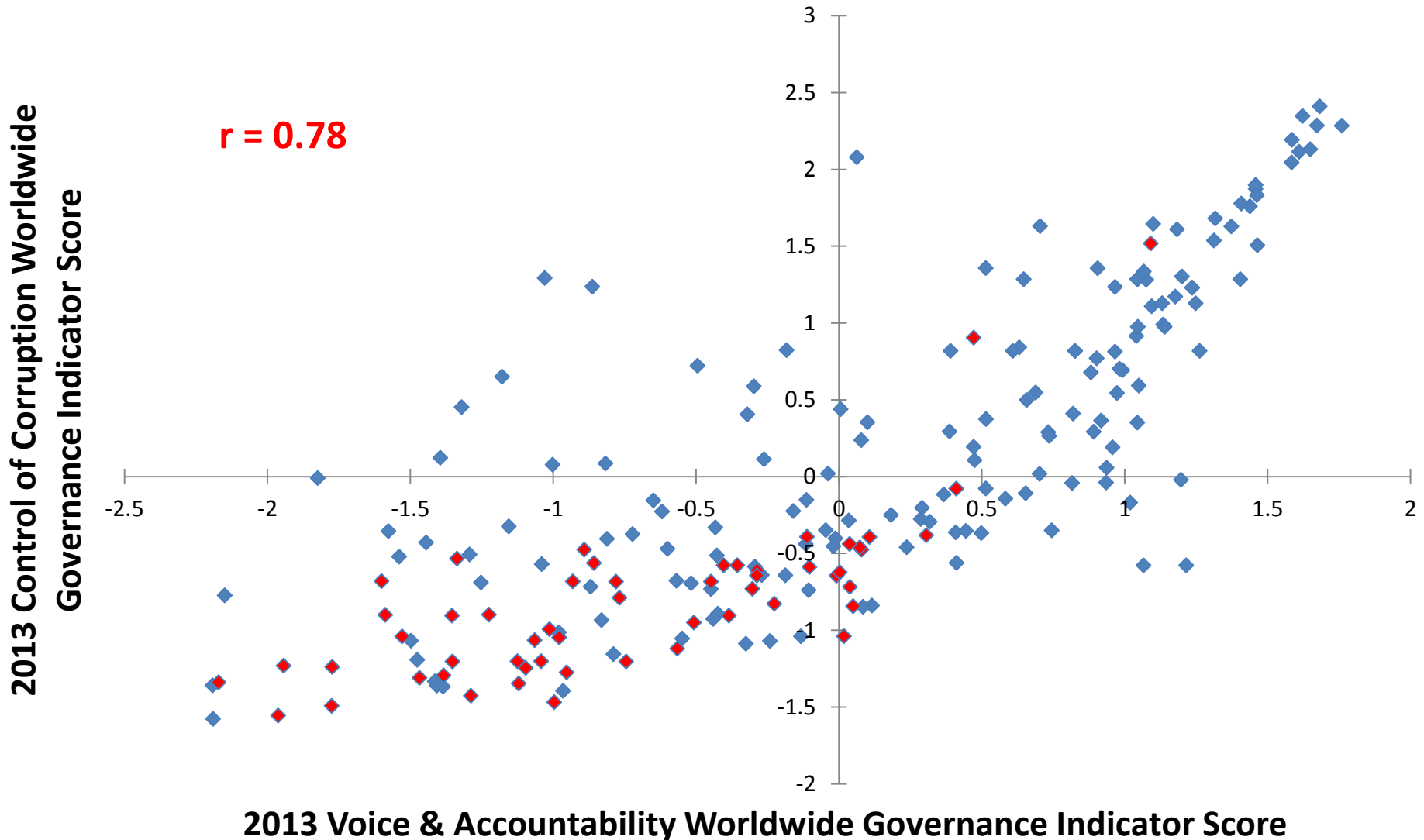
Notes: (1) Resource-rich countries, as defined by the IMF, appear in italics.

# Evolution of Voice & Accountability Indicator: *On balance, closing of civic space (in spite of formal government commitment to transparency)*



Notes: Preliminary, analysis in progress. Calculations performed with 35 countries in EITI with data following EITI accession; all are emerging/developing countries (excl. Norway). Conservative assumptions regarding trend in recent years. Source: 2013 World Bank Worldwide Governance Indicators

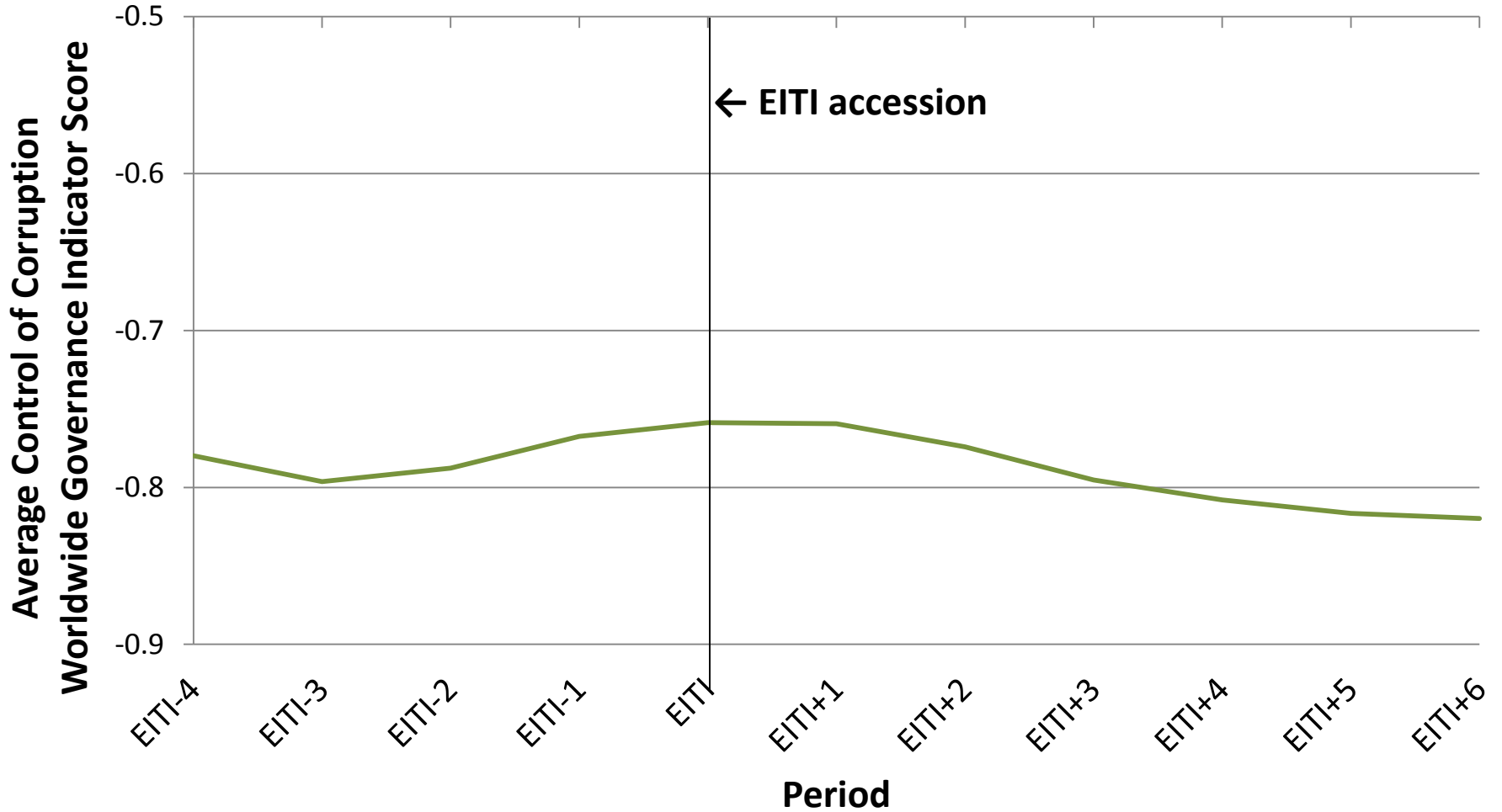
# *Transparency has to be complemented by Accountability:* Control of Corruption vs Voice & Accountability (WGI)



Note: Red data points are the 55 resource rich countries according to the IMF.

Source: IMF, 2013 World Bank Worldwide Governance Indicators

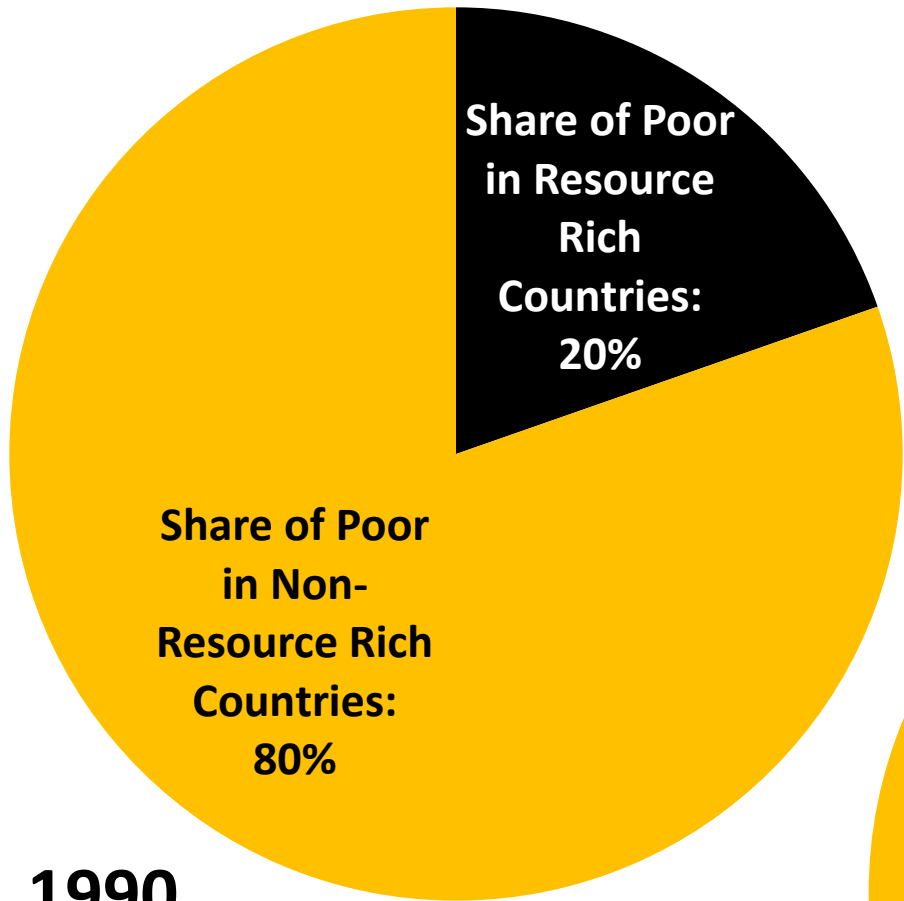
# Control of Corruption: *also a reversal, recent deterioration*



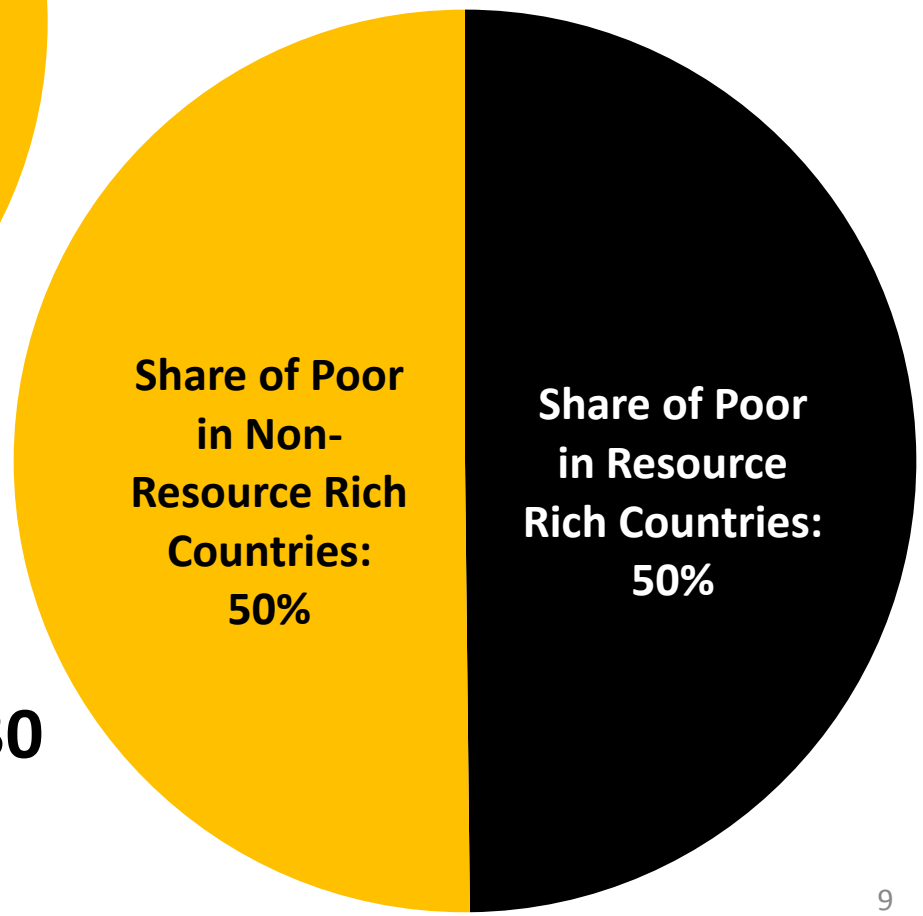
Notes: Preliminary, work in progress. Calculations performed with 35 countries in EITI with data following EITI accession; all are emerging/developing countries (excl. Norway). Conservative assumptions regarding trend in recent years. Source: 2013 World Bank Worldwide Governance Indicators



**Share of the # of Poor living under \$2.00 a day in Non-Resource Rich Countries vs. Resource Rich Countries, 1990 & 2030**

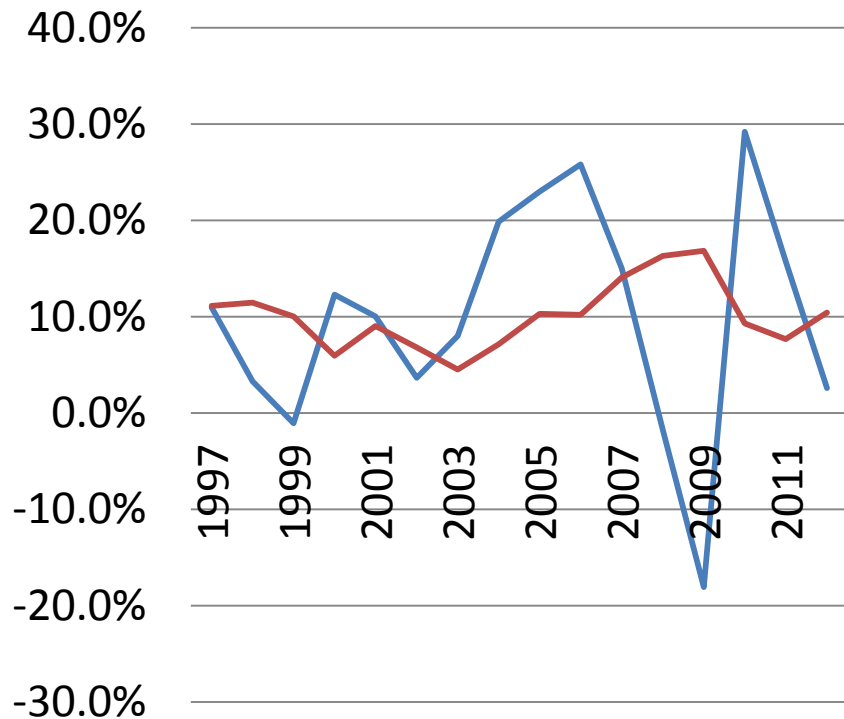


**2030**



# Managing Volatile Revenues: *Contrasts*

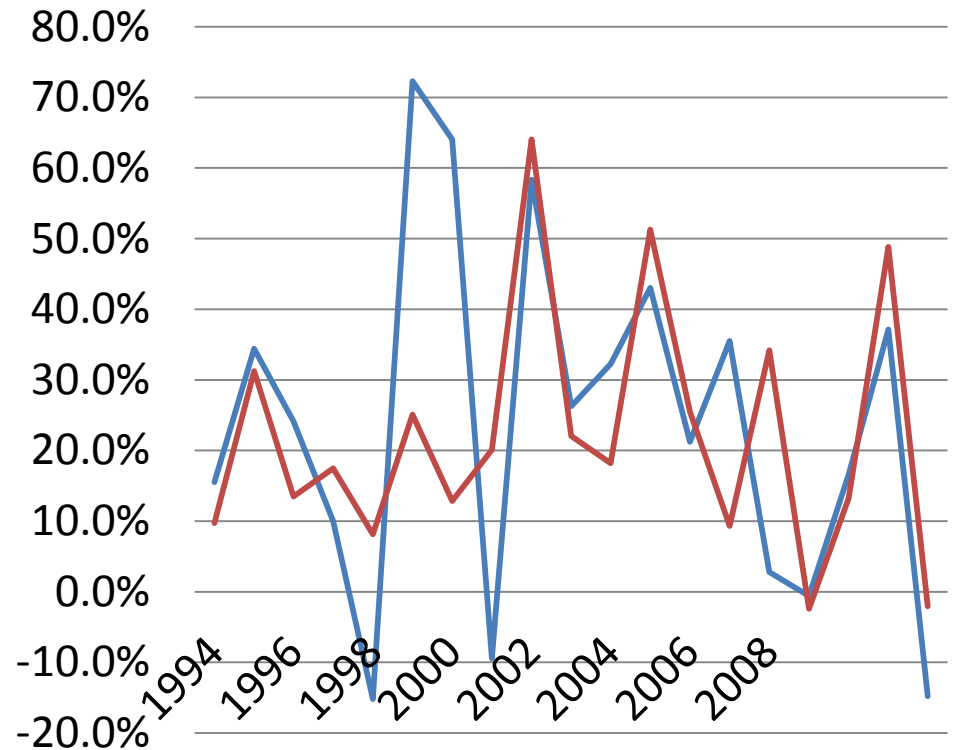
## Chile



— Government revenue growth (pesos)

— Government expenditure growth (pesos)

## Iran

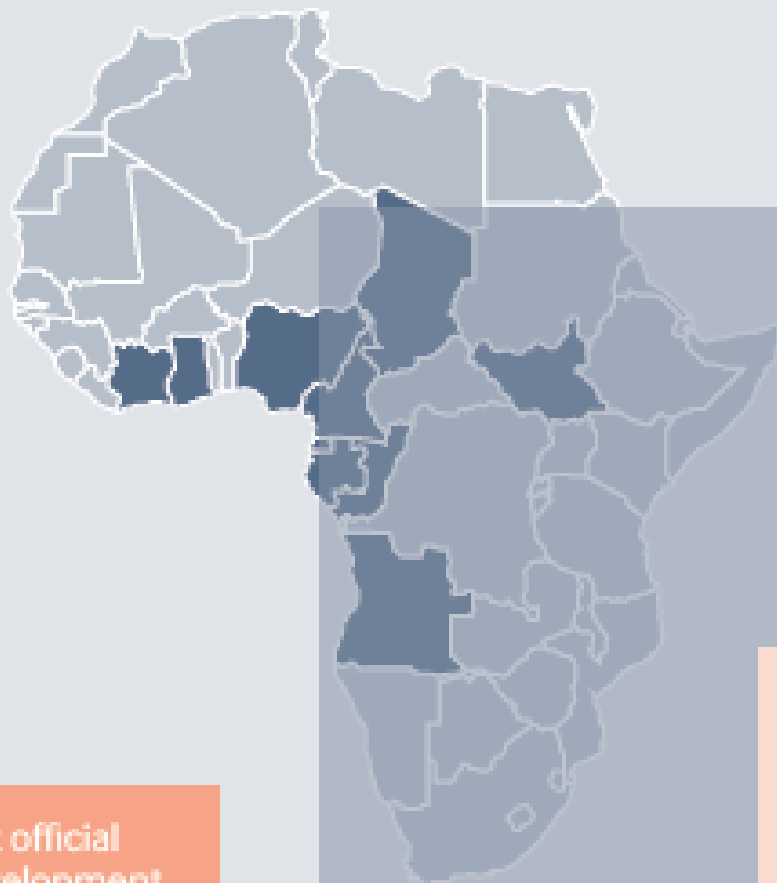


— Government revenue growth (rials)

— Government expenditure growth (rials)

Total government revenues

**\$457 billion**



Value of oil sold by national oil companies

**\$254 billion**

Value of oil bought by Swiss traders from national oil companies

**\$55 billion**



Net official development assistance

**\$26 billion**

*Shedding light on Oil Sales: Swiss trading companies, African oil and the risks of opacity (NRGI: 2014)*



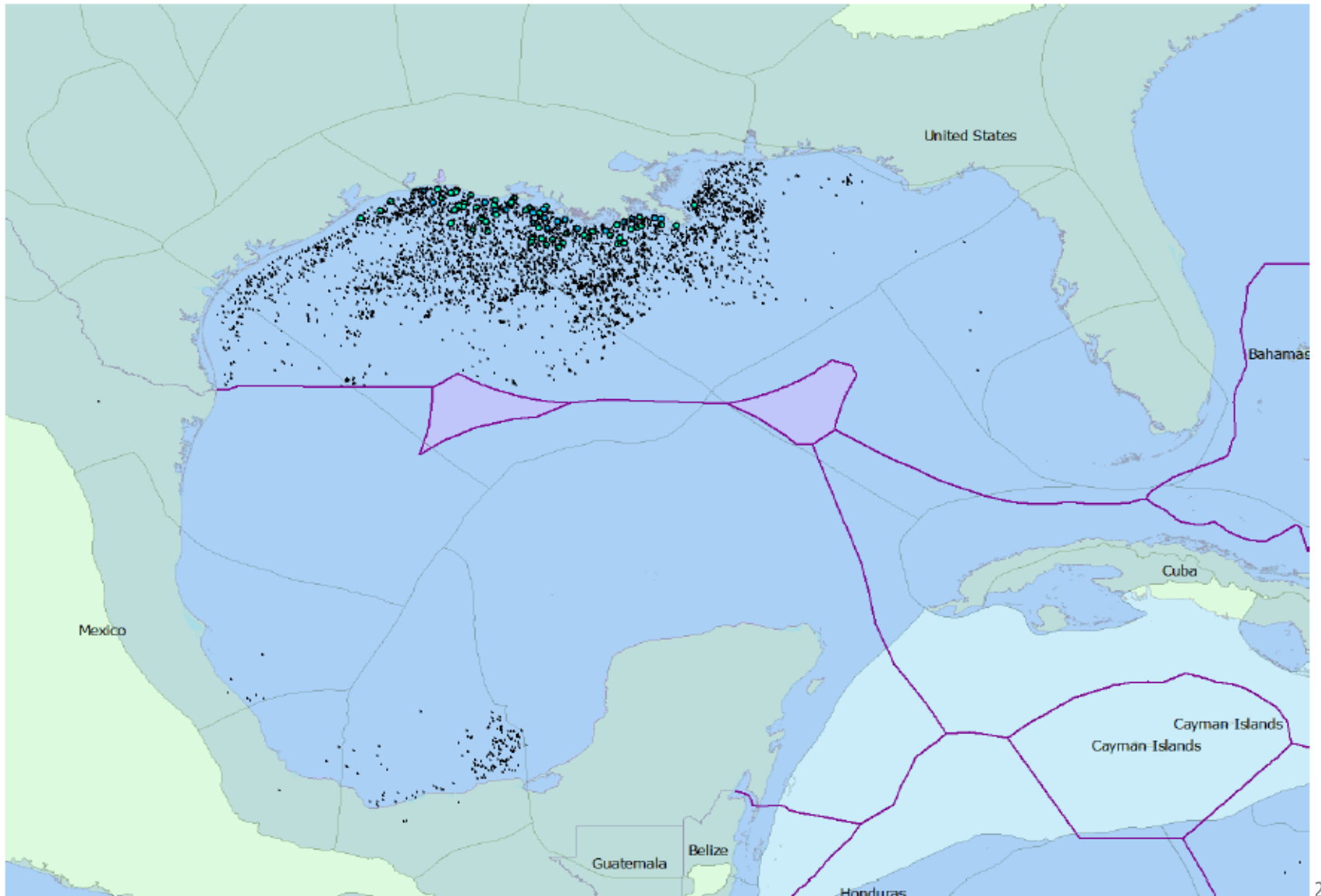
### Big Spenders

Swiss trading companies, African oil and the risks of opacity

Abstract: Oil in Africa  
and the risks of opacity  
NRGI



# Governance Matters for Investors, Drilling: Geo-Mapping of Oil & Gas Well, US vs. Mexico, 1960



# Geo-Mapping of Oil & Gas Well, US vs. Mexico, 2010

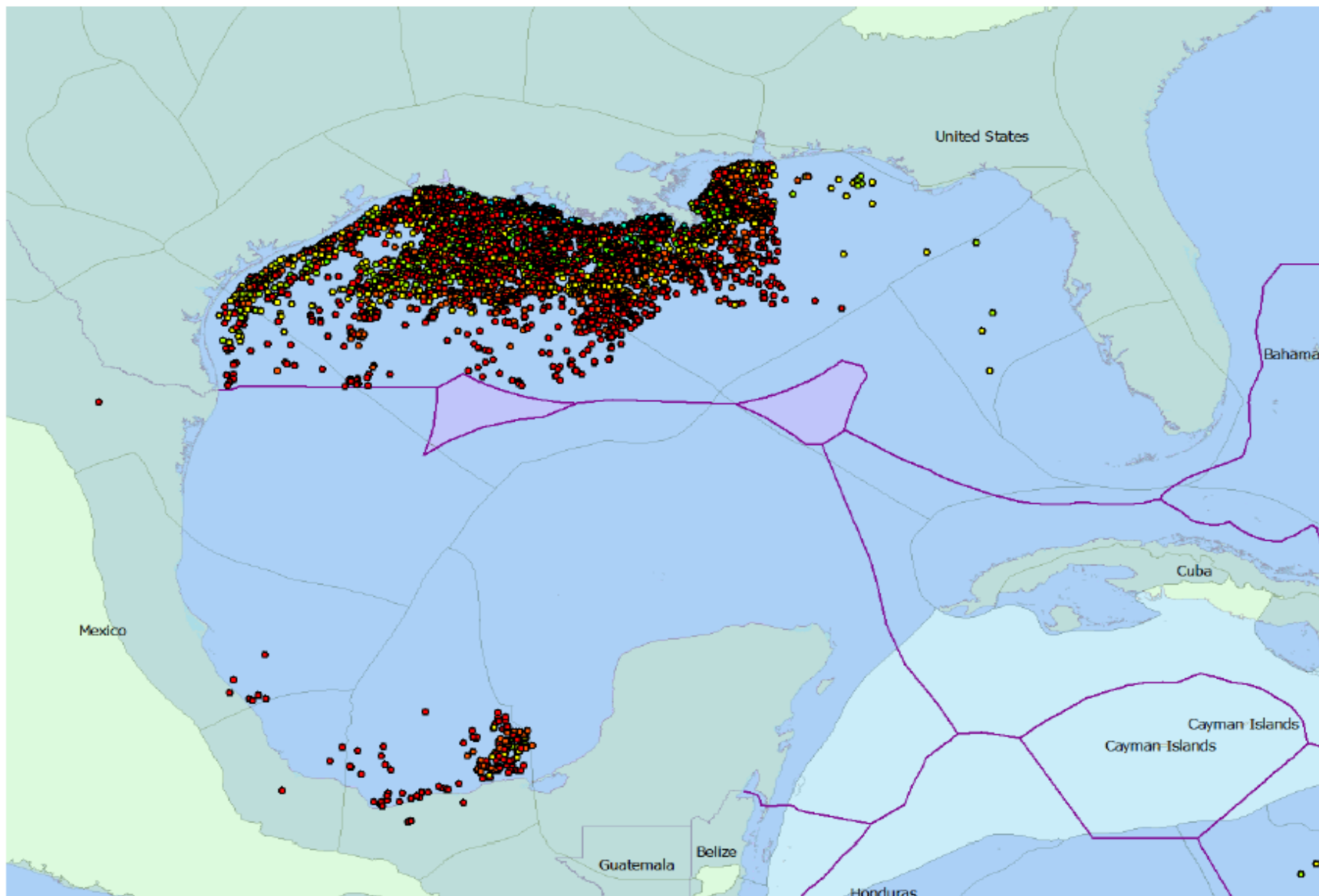
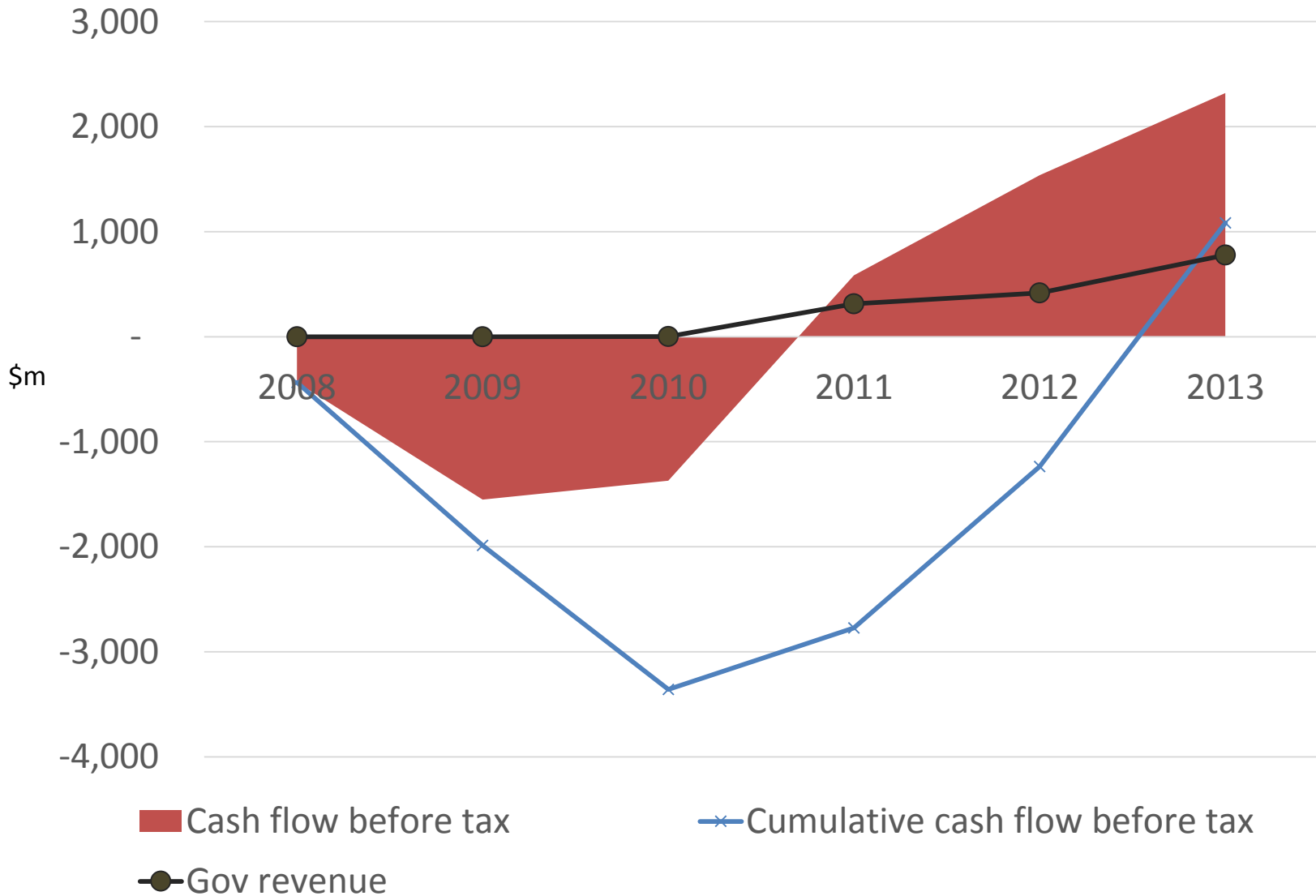


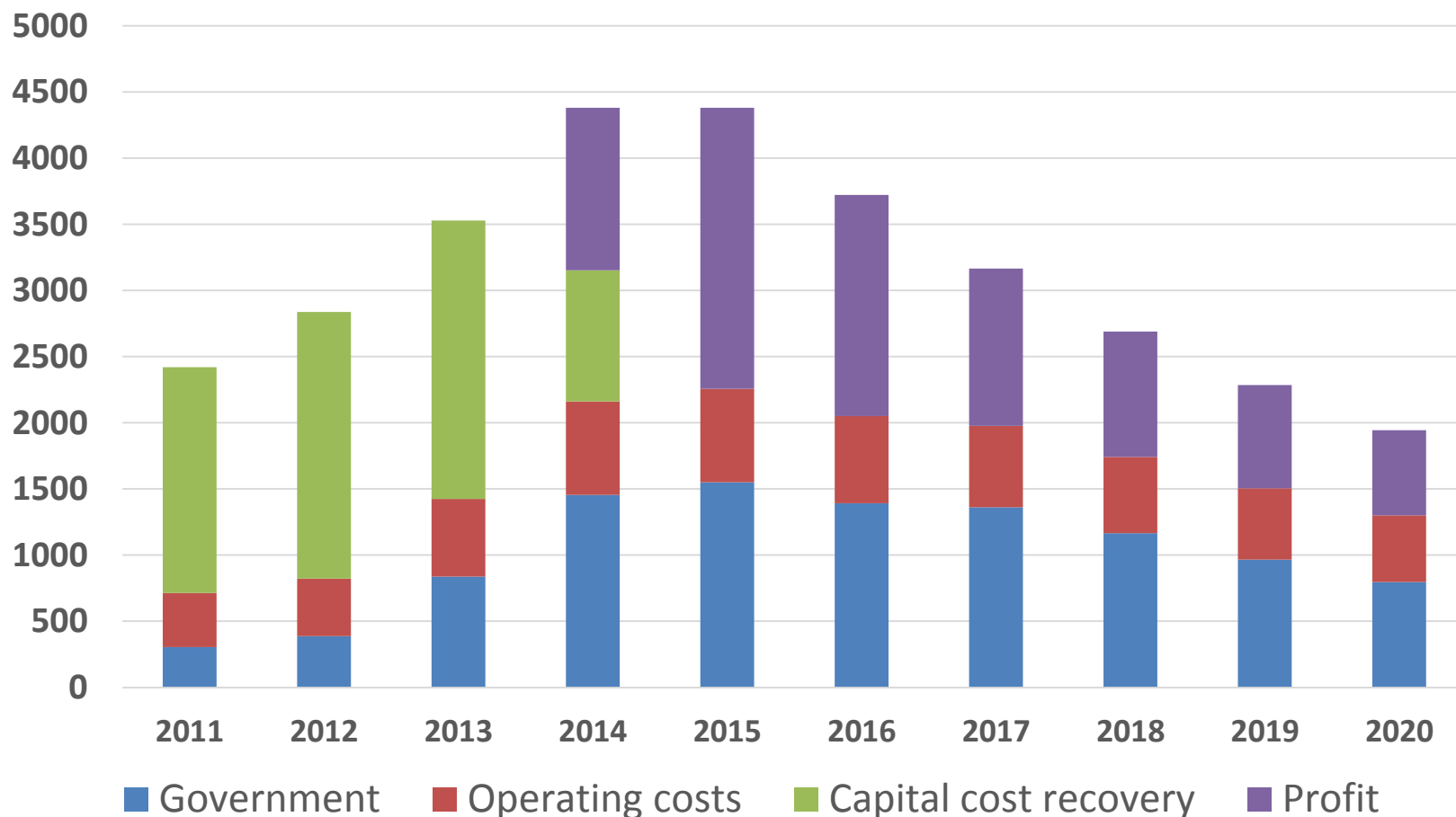
Figure US-Mexico oil and gas wells, 2010

# Illustration of Power of Open Data: *Jubilee field data, Ghana (preliminary)*



# Illustration: Projections of Financial Flows from the Jubilee field (*Ghana – preliminary*)

Distribution of total oil revenue (\$m)



# On the Natural Resource Charter [the 'charter']

*Transformation of extractive wealth to prosperity requires an unbroken "flow of value" ...(and **data** throughout)*



...government needs to make a **chain of good decisions**

**Discovery  
& deciding  
to extract**

**Getting a  
good deal**

**Managing  
revenues**

**Investing for  
sustainable  
development**



## Domestic governance

Discovery &  
deciding to  
extract

Getting a  
good  
deal

Managing  
revenues

Investing for  
sustainable  
development

International governance

# The Charter governance & decision chain components are translated into 12 specific precepts covering key legal, institutional and policy issues

Domestic governance

1. Forming a strategy & building institutions
2. Ensuring accountability & transparency

Discovery & deciding to extract

3. Exploration & choosing operators

Getting a good deal

4. Taxation
5. Local impacts
6. National resource companies

Managing the revenues

7. Allocating the revenues
8. Smoothing expenditure volatility

Investing for development

9. Improving public expenditure
10. Engaging private sector

International governance

11. Role of international companies
12. Role of international governance actors